



Daily Report

China

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

World Bank-Aided Project To Aid PRC Farmers

OW1008082090 Beijing XINHUA in English
0046 GMT 10 Aug 90

[Text] Washington, August 9 (XINHUA)—The incomes of about 130,000 farm families in central China will nearly triple as a result of a World Bank-aided project to develop fruit orchards along the Yangtze River.

The International Development Association (IDA), the World Bank's lending affiliate, announced today that it is supporting the project with a credit of 64 million U.S. dollars.

The project includes planting or improving about 15,000 hectares of orchards, mostly in mountainous areas surrounding the 5,000 kilometer-long Yangtze River.

New orchards will eventually produce more than 300,000 tons of citrus and other fruits annually, while existing orchards undergoing improvements are expected to produce an additional 42,000 tons of fruit per year.

Fruit produced by the orchards will be worth about 100 million U.S. dollars each year.

The project includes actions aimed at improving domestic marketing of fruit and increasing agricultural agencies' capacity for producing and distributing disease-free trees to farmers.

The average farmer in the area covered by the project will earn 150 U.S. dollars a year upon completion of the project, up from 50 dollars at present.

The project is also expected to generate thousands of jobs in rural areas.

UN Grant for Forestry Project Signed

HK0808080790 Beijing CHINA DAILY in English
8 Aug 90 p 2

[By staff reporter Wu Yunhe]

[Text] The Belgian Government is to donate \$4.5 million towards a forestry project in China.

The agreement for the grant—to come through the United Nations' Food and Agriculture Organization (FAO)—was signed yesterday in Beijing between the Belgian Government, the FAO and the Chinese Ministries of Agriculture and Forestry.

It is the largest donation Belgium has made to China for agricultural development since 1979.

China's Vice-Minister of Agriculture Wang Lianzhen, who attended the signing ceremony yesterday, said tripartite cooperation between the two governments and the international institution was expected to be beefed up following establishment of the project.

Under the agreement, the Chinese Government would also allocate more than 12 million yuan (\$2.5 million) for the five-year project which aims to enhance soil and water conservation and expand wood resources in the eastern parts of the "Three North Regions"—Northwest, North and Northeast China.

The necessary equipment and technology would be imported from Belgium for the establishment of the project in accordance with the agreement, an official from the international co-operation department of the Ministry of Agriculture said.

Potentials

The area covered by the project is relatively poorly forested, with forest cover accounting for only 5.9 per cent compared to the national average of 12 per cent, according to the official.

Although 267 million hectares of the country was considered suitable for forestry, the official said, only 115 million hectares was now forested, of which nearly 28 million hectares was made-made.

The country currently had to import some 10 million cubic metres of wood products a year to meet domestic demand, the official added.

The project would also establish 1,000 hectares of fast-growing popular plantation at Dalinghe State Farm in western Liaoning Province, the official said, adding that it would improve research facilities for mechanized afforestation in sandy soils while training an adequate number of afforestation management personnel.

The overall project area includes the Xinjiang Uygur and Ningxia Hui autonomous regions, Gansu Province, the north of Qinghai and Shanxi provinces, east of Liaoning and Jilin provinces, southwest of Heilongjiang Province and Beijing Municipality.

ASEAN Meeting on Economic Cooperation Viewed

HK1008121290 Beijing RENMIN RIBAO in Chinese
3 Aug 90 p 7

["Roundup" by staff reporter Liu Aicheng (0491 1947 2052): "Seeking Free Trade, Strengthening Economic Cooperation"]

[Text] Bangkok, 1 Aug (RENMIN RIBAO)—The second meeting of the ministerial-level conference on Asia-Pacific Economic Cooperation, jointly held by the six ASEAN countries and the United States, Japan, Canada, Australia, New Zealand, and South Korea, ended in Singapore yesterday. The main subject of the meeting was to seek free trade and strengthen economic cooperation.

At the beginning, the participants had a further discussion on the orientation of development of the Asia-Pacific economic cooperation. The first meeting of the ministerial-level conference on Asia-Pacific Economic

Cooperation was held last November at the suggestion of Australian Prime Minister Hawke. According to a briefing by personages from the ASEAN economic circles, at that time, proceeding from different stands, various participating states joined this official consultation organization. For this reason, they had different ideas about its development. At this meeting, the ASEAN countries held that Asia-Pacific Economic Cooperation should continue to be a lax, exploratory, and informal consultation organization and should not damage the specific property of the ASEAN. But they are in favor of making the ministerial-level conference on Asia-Pacific Economic Cooperation a more extensive form of economic cooperation. In his opening speech, Singapore Prime Minister Lee Kuan Yew pointed out that Asia-Pacific Economic Cooperation is another and more extensive economic cooperation center of the ASEAN countries. The purpose of these two centers is the same, that is, to promote free trade. He said that the world is now faced with a danger of economic breakup and hoped that Asia-Pacific Economic Cooperation may weaken this danger. "By strengthening free and open trade and the cooperation in investment, Asia-Pacific Economic Cooperation may make the world safer. The members of Asia-Pacific Economic Cooperation should set a good example in opposing the establishment of trade groups [mao yi ji tuan 6319 2496 7162 0957]." This shows that ASEAN hopes that the Asia-Pacific Economic Cooperation may restrict and weaken trade groups and promote free trade rather than being developed into a trade group.

Moreover, as this meeting was held under the situation that the "Uruguay Round" of the global multilateral trade negotiations had entered a crucial stage and that no headway had been made at the special meeting of the Geneva Trade Negotiations Committee, the first subject for discussion at the meeting was the question of multilateral trade negotiations. The response of the ASEAN countries was especially strong. At the ASEAN and Dialogue Partners Jakarta meeting last week, the ASEAN countries already criticized the developed countries for what they had done during the negotiations. At this meeting, although the participating countries, including some developed countries, had issued a joint declaration on this question, showing their concern for the "Uruguay Round" of negotiations, which had made no headway, and calling for all participating states to carry out commitments and "overcome main difficulties" so as to ensure a substantial progress of the negotiations, the ASEAN countries held that the declaration cannot fully express their viewpoints and stand. For this reason, they issued another strongly worded statement, denouncing the developed countries for obstructing global free trade and demanding them to make concessions and not to cast aside the ASEAN countries and the developing countries in the final stage of the negotiations. They pointed out that if the negotiations do not succeed, all the countries involved in world trade will fall into an abyss of trade protectionism and reciprocity.

Apart from promoting free trade, the participating countries also achieved a common understanding on the question of strengthening Asia-Pacific economic cooperation. The ministers had a concrete discussion and study on the question of promoting cooperation in the seven fields proposed by the meeting, including investment, energy resources, manpower resources, development, communications, and transportation.

The joint statement issued after the meeting said that it is necessary to strengthen Asia-Pacific economic cooperation so as to make contributions to the economic development of the world.

The meeting also pointed out that China will sooner or later join the Asia-Pacific Economic Cooperation. A decision will be made at or before the third meeting.

Li Peng Meets Asian Olympic Council Official

OW1008142190 Beijing XINHUA in English
1335 GMT 10 Aug 90

[Text] Bali, Indonesia, August 10 (XINHUA)—Visiting Chinese Premier Li Peng met here today with Mohamad Hassan, vice-chairman of the Olympic Council of Asia.

Hassan, who came to specially to Bali to call on Li Peng, told the Chinese premier that President Suharto had instructed him to do his best to help make the forthcoming Asian Games a success.

He said that Indonesia would send a sports delegation and a huge cheer-up team to Beijing to take part in the games.

Li Peng and Hassan exchanged views on choosing the candidate for acting chairman of the Olympic Council of Asia.

Asian-Pacific Abacus Symposium Opens in Beijing

OW1008140590 Beijing XINHUA in English
1153 GMT 10 Aug 90

[Text] Beijing, August 10 (XINHUA)—The Asian-Pacific Symposium on the Traditional Chinese Abacus was held here today.

The symposium, jointly sponsored by the Chinese Abacus Association and the Union of Abacus Schools of Japan, aimed at promoting research into the theory of the traditional calculation method and promoting academic exchanges.

Sixty experts and scholars from China, Japan, South Korea and Taiwan attended the one-day symposium.

According to an official from the Chinese Abacus Association, over one million people take various forms of abacus training courses annually in China.

Abacus, which was developed in ancient China, is still widely used in present-day China although computers have been gaining momentum in the country.

Geographic Union Conference Opens in Beijing

OW1308142390 Beijing XINHUA in English
1405 GMT 13 Aug 90

[Text] Beijing, August 13 (XINHUA)—The relationship of population, natural resources and the environment is the major topic of a regional conference of Asian Pacific countries of the International Geographic Union (igu) which opened here today.

The conference, the first of its kind ever held in China, has attracted more than 1,000 delegates from China and abroad. Discussions will be held on changes in the earth's atmosphere, development in the Asia-Pacific region and environmental management.

Chinese sources at the conference said that geographic research in China has made great progress in the study of the relationship between man and environment, population research, natural resources, the application of remote sensing and the establishment of a geographic information system over the past decade.

Experts say the conference will promote the cooperation of Chinese and foreign experts.

Southeast Asia & Pacific

Thailand's Prime Minister Welcomes Li Peng

OW1308072290 Beijing XINHUA in English
0711 GMT 13 Aug 90

[Text] Bangkok, August 13 (XINHUA)—Chinese Premier Li Peng arrived here this morning by special plane for a two-day working visit to Thailand at the invitation of Thai Prime Minister Chatchai Chunhawan. The special plane of Premier and Mrs. Li Peng and their entourage landed at Bangkok's Don Muang Military Airport at 11:10 a.m. (local time).

At the airport where the national flags of China and Thailand were fluttering in a breeze, the Chinese guests were warmly greeted by Premier Chatchai and his wife, Foreign Minister Sitthi Sawetsila and other high-ranking Thai Government and military officials as well as some foreign diplomatic envoys based in Bangkok.

As Premier Li stepped down from the plane, Chatchai went forward to meet him and present fresh flowers to him. While exchanging greetings to each other, the two leaders shook hands warmly. Then Chatchai introduced Li to the Thai Government officials who lined up to greet Li. The Chinese premier shook hands with them one by one.

Two lovely Chinese girls from the Chinese Embassy presented bouquets to Premier Li and his wife.

Li Peng and his wife, in the company of Chatchai and his wife, rode to Shangri-la Hotel in the city where they will stay during the visit.

The two premiers will hold talks in the afternoon at Government House on international and regional issues of common concern and exchange views on bilateral issues.

In the evening, Chatchai and his wife will host a dinner at the Shangri-la Hotel in honor of Premier Li Peng and his entourage.

Chinese Foreign Minister Qian Qichen and Minister of Foreign Economic Relations and Trade Zheng Tuobin, who are accompanying Li Peng on the visit, arrived by the same plane.

This is Li's second visit to Thailand as the Chinese premier. His last visit was made in November 1988.

Reportage on Li Peng's Visit to Singapore

Accorded Warm Welcome

OW1108233890 Beijing XINHUA Domestic Service
in Chinese 1201 GMT 11 Aug 90

[By reporters Yang Mu, Li Yongming, and Zhou Cipu]

[Text] Singapore, 11 Aug (XINHUA)—After concluding their visit to Indonesia, Premier Li Peng and his wife Zhu Lin arrived in Singapore from Bali by special plane at noon today to begin their three-day official and friendly visit to this friendly neighbor.

This is the first visit to Singapore, which Premier Li Peng made at the invitation of Prime Minister Lee Kuan Yew. In a written statement issued upon his arrival at the Singapore airport, he indicated that he expected that the visit can "open further a future for fuller and better Sino-Singaporean relations."

He said: "China and Singapore are friendly neighbors. Because of the efforts exerted by the two sides, the two countries' friendly relations and cooperation have been developing satisfactorily in recent years. The purpose of my visit to your country is to promote friendship, deepen understanding, expand cooperation, and open further a future for fuller and better Sino-Singaporean relations."

Premier Li Peng's visit coincides with the celebrations of Singapore's 25th founding anniversary (9 August). Colorful flags are fluttering along the streets, and all tall buildings are decorated with all kinds of designs showing the enormous success people in Singapore have achieved during the past 25 years. The arrival of the distinguished guests from China has increased the jubilation of this beautiful garden city.

Today Chinese and Singaporean national flags are flying in the Changi International Airport. The special plane with Li Peng and his party on board landed at 1130. Premier and Mrs. Li Peng were welcomed by Ong Teng Cheong, second deputy prime minister of Singapore, and Mrs. Ong, at the ramp.

Then, the motorcade headed toward the tree-surrounded Presidential Building, which is a white, three-story building built when Singapore was a British colony. Along the passageway on the right side of the main entrance was a reviewing stand decorated with a red tapestry and surrounded by tropical flowers and a white fence one meter high.

Premier Li Peng's limousine arrived at the Presidential Building just past 1200. At this time, Prime Minister and Madame Lee Kuan Yew walked up to the limousine to extend their warm greetings to Premier Li Peng and his wife Zhu Lin. Guided by the commander of the honor guards, the two premiers walked up to the reviewing stand. Then, the Singapore Infantry Regiment band played the Chinese national anthem, and the Chinese national flag on the flag pole across the reviewing stand suddenly was unfurled by an electric motor and began to fly along with Singapore's national flag. Then the band played the Singapore national anthem. Accompanied by the commander of the honor guards, the two premiers reviewed the honor guards.

After the reviewing ceremony, the two premiers walked up to the ranks of Singapore Government officials to meet them. The presence of all the members of the Singapore Cabinet at the welcoming ceremony showed the importance the Singapore Government attached to Premier Li Peng's visit.

While Premier Li shook hands with members of the Singapore Cabinet, Prime Minister Lee Kuan Yew also shook hands with Qian Qichen, Chinese minister of foreign affairs; Zheng Tuobin, minister of foreign economic relations and trade, and other delegation members accompanying Premier Li Peng to express his welcome. Then Premier Li Peng shook hands with foreign diplomatic envoys in Singapore.

After the welcoming ceremony, Prime Minister Lee Kuan Yew and Premier Li Peng walked up some steps to enter the hall of the Presidential Building to take a short rest. Then Premier Li Peng and his party left the Presidential Building by automobile to their hotel.

Issues Written Statement

*OW1208120990 Beijing Domestic Service
in Mandarin 0930 GMT 11 Aug 90*

[From the "National News Hookup" program]

[Text] Li Peng, premier of the State Council, arrived in Singapore this afternoon by special plane to begin his two-day formal and friendly visit to Singapore.

Li Peng arrived here from Bali after satisfactorily concluding a formal and friendly visit to Indonesia.

Li Peng issued a written statement upon his arrival at Changi Airport. He said: At the invitation of Prime Minister Lee Kuan Yew, my wife, my colleagues and I are very pleased to come to Republic of Singapore for a formal and friendly visit. Please allow me to take this

opportunity to extend warm greetings and best wishes to the Singapore Government and people on behalf of the Chinese Government and people.

He said: China and Singapore are friendly neighbors. Joint efforts by two sides have brought about satisfactory development in friendly relations and cooperation between the two countries in recent years. The purpose of my visit to your country is to promote friendship, deepen understanding, expand cooperation, and further open the future for fuller and better Sino-Singaporean relations.

Ong Teng Cheong, second deputy prime minister of Singapore, and Mrs. Ong were at the airport to welcome Premier Li Peng and Mrs. Zhu Lin; they accompanied them to the presidential office.

Singapore Prime Minister Lee Kuan Yew held a welcoming ceremony for Premier Li Peng at the presidential office. A military band played the national anthems of China and Singapore. Accompanied by Prime Minister Lee Kuan Yew, Premier Li Peng reviewed the honor guard.

When Premier Li Peng, his wife Zhu Lin, and his party left Bali this morning, Indonesian Foreign Minister Alatas, Mrs. Alatas, and others were at the airport to see them off.

Goh Chok Tong Hosts Luncheon

*OW1208112290 Beijing Domestic Service
in Mandarin 0930 GMT 12 Aug 90*

[From the "National Hookup" program]

[Text] Goh Chok Tong, first deputy prime minister of Singapore, held a luncheon in honor of Premier and Mrs. Li Peng on 12 August. Goh said during the luncheon: Important progress has been made in relations between Singapore and China. We hope to see the establishment of diplomatic relations between the two countries in the near future. We hope that there will be more exchanges between the two countries and between their governments, so that the two sides will reach agreements on major issues at present and will bring peace and prosperity to their peoples.

Li Peng said during the luncheon that he, like Deputy Prime Minister Goh Chok Tong and the leaders of the older generation in both countries, hopes to continue keeping the close contacts and exchanges and to establish relations of lasting friendship and cooperation between the two sides in the years to come.

Li Peng said that the purpose of his visit to Singapore following his visit to Indonesia is to exchange views with Singapore leaders on further developing bilateral relations and on international issues of common concern, and to call on old friends and meet with the leaders of the younger generation here. He said that he has accomplished his goal.

Accompanied by Singapore Minister of National Development Dhanabalan, Premier Li Peng this morning visited the Singapore Housing Construction Bureau, where he familiarized himself with Singapore's housing construction projects. He also visited a Singapore family.

In the afternoon, Chinese Foreign Minister Qian Qichen, accompanying Premier Li Peng on the visit, held talks with Singapore Minister of Foreign Affairs Wong Kan Seng, while Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin held talks with Singapore Minister of Trade and Industry Lee Hsien Loong.

Comments on Taiwan, Saudi Arabia

OW1208170590 Beijing XINHUA Domestic Service
in Chinese 1539 GMT 12 Aug 90

[By reporter Zhou Cipu]

[Text] Singapore, 12 Aug (XINHUA)—Visiting Chinese Premier Li Peng said here today: "China has now established diplomatic ties with Saudi Arabia and reestablished diplomatic ties with Indonesia. Taiwan can develop nongovernmental economic and trade relations with them."

Li Peng made this statement during the courtesy call paid to him by Goh Chok Tong, first deputy prime minister and concurrently defense minister of Singapore.

Li Peng said: "As fellow countrymen of the people in Taiwan, we are pleased with Taiwan's economic development in recent years."

He said: From a long-term point of view, the mainland and Taiwan will be reunified. Just as Deng Xiaoping pointed out, the Chinese Government will adopt the one country, two systems policy after the reunification.

Goh Chok Tong will succeed Lee Kuan Yew to become Singapore's prime minister in November this year. He again welcomed Premier Li's visit to Singapore. He said that following his first visit to China in 1971, he revisited China several times, and the last trip was made in 1987. He was accorded warm hospitality every time. He added that he was honored to be able to play host this time.

Li Peng said: Great changes occurred in China during the 1971-1987 period. The "Great Cultural Revolution" substantially sapped China's vitality and inflicted great economic losses. One important lesson China has learned is that there shall be no more upheavals in China.

He pointed out: Owing to following the principle of focusing on economic construction and carrying out the reform and open policy during the last 10 years, China has been enjoying economic growth and the people's living standards are improving. China needs stability at home and a peaceful international environment. The state cannot develop without them.

Premier Li Peng said: "China has been probing many years in combining economic planning and market regulation. This combination accords the situation in China, which is a populous developing country. Since this world has different ideologies and beliefs, there should be different economic modes, and people of various countries should be allowed to choose their own economic systems according to their national situations."

Goh Chok Tong said: "Any country is in need of stability. Without stability, there can be no development. The mode of economic development of a country should be compatible with this country's history, geography, and other characteristics." He wished China success in its development.

Zhu Lin, wife of Premier Li Peng, and Mrs. Goh Chok Tong were present at the courtesy call.

Says Aim of Visit Realized

OW1208124890 Beijing XINHUA Domestic Service
in Chinese 1157 GMT 12 Aug 90

[Text] Singapore, August 12 (XINHUA)—Chinese Premier Li Peng said here at noon today that the aim of his visit to Singapore has been realized.

He made the statement at a luncheon in his honor given by Singaporean First Deputy Prime Minister Goh Chok Tong, who will succeed Prime Minister Lee Kuan Yew in November this year.

Li Peng noted that the purpose of his current visit to Singapore is to exchange views with Singaporean leaders on the further development of the bilateral relations and on the international issues of common concern. At the same time, he added, he wanted to call on old friends and get acquainted with new ones. "It may be said that my aim has been realized," the premier said.

Li Peng said that, like First Deputy Prime Minister Goh Chok Tong, he would like to maintain close contacts with the Singaporean leaders in the future and establish everlasting friendly relations of cooperation between China and Singapore, as the leaders of the old generation of the two countries have done.

Deputy Prime Minister Goh Chok Tong was the first to speak at the luncheon. He said that the Sino-Singaporean relations have already made major progress. "We would like to see the two countries would establish their diplomatic relations in the near future," he said.

Goh Chok Tong said he hoped that there would be more exchanges between the two countries and two governments to enable them to reach more agreements on current major problems in order to bring about peace and prosperity to the two peoples.

Calls on Singaporean President*OW1108190790 Beijing XINHUA in English
1803 GMT 11 Aug 90*

[Text] Singapore, August 11 (XINHUA)—Visiting Chinese Premier Li Peng called on Singaporean President Wee Kim Wee here this afternoon.

President Wee extended a warm welcome to the Chinese premier, saying "the exchange of visits between leaders of the two countries is of great significance for the promotion of mutual understanding and the development of the bilateral relations." The Singaporean president asked Li Peng to convey his regards to Mr. Deng Xiaoping and President Yang Shangkun.

Li Peng told the Singaporean president that Deng Xiaoping is now in good health. "Before I left Beijing, President Yang had asked me to convey to you his sincere greetings and his invitation to visit China at a time convenient to you."

President Wee expressed his thanks for the invitation.

The Chinese premier said: "The current political situation in China is stable and China has got out from the most difficult time economically. The whole world has witnessed that China will not change its policy of reform and opening to the outside world."

President Wee said that he is looking forward to a better time of the development of the relations between his country and China.

Meets With Lee Kuan Yew*OW1108094390 Beijing XINHUA in English
0931 GMT 11 Aug 90*

[Text] Singapore, August 11 (XINHUA)—Chinese Premier Li Peng was given a grand welcoming ceremony by his Singaporean counterpart Lee Kuan Yew at noon today at Istana (the presidential palace) here.

Li Peng arrived here this morning as guest of Lee Kuan Yew on a three-day official goodwill visit to this beautiful island country from Bali Island, a province of Indonesia. His six-day official visit coincided the official restoration of Sino-Indonesian diplomatic ties.

When the car carrying Li Peng and his wife arrived in front of Istana, Lee Kuan Yew and his wife went near the car to greet them. The Chinese couple and Singaporean couple shook hands and chatted merrily. The national anthems of the two nations were played by a band and the national flags of the two nations fluttered in the breeze. Li Peng accompanied by Lee Kuan Yew, reviewed a guard of honor.

Chinese Foreign Minister Qian Qichen and Minister of Foreign Economic Relations and Trade Zheng Tuobin were present.

All members of the Singaporean cabinet, including First Deputy Prime Minister and Minister of Defence Goh

Chok Tong and Second Deputy Prime Minister Ong Teng Cheong, who greeted Li Peng at the airport this morning and accompanied him all the way to Istana, were also present.

After the normalization of Sino-Indonesian diplomatic ties, Singapore and Brunei are the only two ASEAN (the Association of Southeast Asian Nations) members that have no diplomatic ties with China. Beside these three nations, ASEAN also groups Malaysia, the Philippines and Thailand.

This is the first time Li Peng visits Singapore. Although the country has no diplomatic ties with China, but maintains very good relationship with her. [sentence as received]

Bilateral Relations Viewed*OW1108184890 Beijing XINHUA in English
1800 GMT 11 Aug 90*

[Text] Singapore, August 11 (XINHUA)—Chinese Premier Li Peng and Singaporean Prime Minister Lee Kuan Yew held formal talks here this afternoon.

In a friendly atmosphere, they had an in-depth exchange of views on international issues of common concern and bilateral relations.

On bilateral relations, both Li Peng and Lee Kuan Yew expressed their satisfaction over the development of Sino-Singaporean relationship. They had an in-depth discussion on various issues in regard to furthering the bilateral relations.

Referring to [the] domestic situation, Li promised that China will continue to carry out the policy of reform and opening to the outside world. At the same time, he said, China will place more attention on self-reliance.

"China will continue to concentrate its efforts on the development of its economy. Therefore, China needs a stable situation at home and a peaceful international environment," Li Peng said.

On [the] international situation, Li Peng noted that at the time when the relations between East and West are relaxing and their military confrontation is subsiding, many areas are still instable. On Iraq's invasion of Kuwait, Li Peng stressed that the issue should be solved within the Arab League and with the help of the U.N. Security Council.

In dealing with the Cambodian issue, Li Peng stressed that any plan for solving the issue must have the "approval from the four Cambodian factions." "China holds that the Cambodian seat in the United Nations should not be vacant before the setting up of Supreme National Council of Cambodia," the Chinese premier said.

Lee Kuan Yew said, the current international situation is extremely delicate. The old balance was no longer in existence. It is hard to say when a new balance can be

reached. The problem is that how it is possible to proceed from the present balance to the future balance without a regional war.

He said he is deeply convinced that China will again play its role in relaxing the international situation.

International Issues, Cambodia Viewed

OW1108172090 Beijing XINHUA Domestic Service
in Chinese 1529 GMT 11 Aug 90

[By reporters Li Yongming and Huang Zhinan]

[Text] Singapore, 11 Aug (XINHUA)—Chinese Premier Li Peng and Singapore Prime Minister Lee Kuan Yew had their official talks at the Singapore Prime Minister's Office this afternoon.

The talks proceeded in two stages. After the private talks between the premiers of the two countries, group talks were held.

In a friendly atmosphere, both sides had an in-depth exchange of views on international issues and bilateral issues of mutual concern.

Lee Kuan Yew welcomed Li Peng's visit to Singapore. Li Peng said: "I am very glad to have this opportunity to visit Singapore. Prime Minister Lee Kuan Yew has visited China on many occasions. We should return the visit."

Commenting on international issues, Li Peng said: The world today is experiencing significant changes. On the one hand, East-West relations have eased, and the military confrontation has weakened. On the other hand, the old pattern is breaking up and a new pattern has yet to take shape. Many regions are very unstable, as seen in the recent invasion of Kuwait by Iraq. China holds that this issue should be resolved within the Arab League with assistance from the UN Security Council.

On the Cambodian issue, Li Peng said: China attended the discussions of the five permanent members of the Security Council, and China endorsed the document they adopted. China also endorsed Indonesia's proposal that a meeting of the four parties of Cambodia be convened by the two chairmen of the Paris International Conference. He pointed out: "Any plan for the settlement of the Cambodian issue must have the concurrence of the four parties of Cambodia."

Li Peng said: China supports the establishment of a four-party Supreme National Council chaired by Samdech Sihanouk. China holds that Cambodia's seat in the United Nations should not be left vacant until the establishment of the committee.

On domestic issues, Li Peng said that China will continue to carry out its reform and open policy and will rely more on its own efforts at the same time. He said:

"China will continue to concentrate its efforts on developing its economy. Because of this, it requires a stable domestic situation and a peaceful international environment."

Prime Minister Lee Kuan Yew said: "The international situation today is very delicate. The old balance has disappeared and it is hard to anticipate when a new balance can be achieved. The issue is how to reach a new balance in the future from the current balance under the circumstances in which there is no regional war."

The two premiers also discussed issues concerning Sino-Singaporean relations, and they expressed satisfaction with the development of bilateral relations. The two sides, in addition, had an in-depth exchange of views on the further development of bilateral relations.

Banquet Given for Li Peng

OW1108192390 Beijing XINHUA in English
1814 GMT 11 Aug 90

[Text] Singapore, August 11 (XINHUA)—A grand banquet was given in honour of visiting Chinese Premier Li Peng by Singaporean Prime Minister Lee Kuan Yew in the president palace this evening.

Chinese Foreign Minister Qian Qichen and Minister of Foreign Economic Relations and Trade Zheng Tuobin were present.

Singaporean First Deputy Prime Minister Goh Chok Tong and Second Deputy Prime Minister Ong Teng Cheong attended the banquet.

Delivering a welcoming speech, Lee Kuan Yew reiterated that Singapore hopes to establish diplomatic relations with the People's Republic of China in the next few months.

"Our bilateral relations have been good. Trade between the two countries has grown seven-fold in the past 12 years," he added.

On the Cambodia problem, he said that Singapore would urge the five permanent members of the U.N. Security Council, including China, to press a solution upon the Cambodian factions by forming a Cambodian Supreme National Council (SNC) which includes all the parties of the Cambodian conflict.

"Vietnam must not be allowed to block the formation of a SNC which will give all Cambodian parties an equal chance of winning in the free elections to follow, and which will be held under U.N. supervision in a politically neutral environment," he said.

In his reply, Li Peng said China and Singapore are friendly neighbours. To establish full diplomatic relations between the two countries on the basis of friendly relations and cooperation represents the common aspiration of the Chinese and Singaporean peoples and a natural development of history.

Views Ties in Banquet Speech

OW1108225090 Beijing XINHUA Domestic Service
in Chinese 1555 GMT 11 Aug 90

[Text] Singapore, August 11 (XINHUA)—Speaking at the banquet held in his honor by Prime Minister Lee Kuan Yew, Premier Li Peng said: "To establish official diplomatic relations on the basis of the friendly relations and cooperation existing between the two countries and represents the common aspiration of the Chinese and Singaporean peoples and is an inevitable historical development [li shi fa zhan di bi ran 2980 0670 4099 1455 4104 1801 3544]."

"The Chinese Government," he said, "is ready, together with the Singaporean Government, to work for the fulfilment of this historic mission at an early date in the spirit of mutual respect and mutual understanding."

Li Peng said, "it gives us great pleasure to come to your beautiful country upon invitation for an official goodwill visit right after the celebrations marking the 25th anniversary of Singapore's independence."

"In the past 25 years, under the leadership of H.E. Prime Minister Lee Kuan Yew, the Singaporean people have chosen a path of development suited to their national conditions, and attached importance to the introduction of advanced science, technology and management expertise of other countries while paying attention to the preservation and promotion of Oriental cultural heritage. They have turned Singapore into a newly industrialized country of rapid development and scored universally acknowledged achievements. For some of my colleagues, my wife and myself, this is our first visit to Singapore. Although we have set foot on your land but a short while ago, we are deeply impressed by the social stability, flourishing economy, tidiness of the city and beautiful landscape of Singapore. We heartily rejoice at the successes achieved by the Republic of Singapore. We should learn from and draw upon the host of invaluable experience that the Singaporean people have accumulated in their nation-building," he added.

The Chinese premier said, "China and Singapore are friendly neighbors. The people of our two countries have forged a profound friendship through long-standing contacts and exchanges. In recent years, thanks to the joint efforts of both sides, our bilateral cooperation in the economic, trade, scientific, technological and cultural fields have proceeded smoothly and yielded marked results." "I am convinced that with the further development of our bilateral relations the traditional friendship between our two peoples and the friendly relations and cooperation between our two countries will be ushered into a brand new stage," Li Peng said.

He stressed, "at present, important changes are taking place in the world situation. While East-West military confrontation is moving towards relaxation, factors causing instability still exist. There are even intense turbulences in some areas. All this cannot but cause

serious concern. The Singaporean Government consistently pursues a foreign policy of non-alignment and independence in international affairs and forges friendly ties with all other countries. At the just-concluded 23rd meeting of ASEAN foreign ministers, Singapore joined the other ASEAN states in adhering to the position of seeking a comprehensive, fair and reasonable political settlement of the Cambodian question, thus winning acclaim from the international community. The Chinese Government and people highly appraise the contributions by the Singaporean Government and people to the cause of maintaining regional and world peace."

He said, "today, China enjoys political and social stability. With the improvement of the economic environment and the rectification of the economic order and the deepening of reform in the past two years or so, the economy is developing in a healthy way. For over a decade, our policy of reform and opening to the outside world has been very successful, the people's living standards have kept on improving and China's economic strength notably increased. We will unswervingly follow this road. China will continue to pursue an independent foreign policy of peace and stands for the establishment of a new international political order and a new international economic order on the basis of the five principles of peaceful coexistence. As always in the past, China actively devotes itself to the lofty cause of peace and development and will continue to do so in the future. Southeast Asian countries are China's close neighbors. China supports ASEAN in its efforts for safeguarding regional peace and strengthening regional economic cooperation and its proposition establishing a Southeast Asian zone of peace, freedom and neutrality. It is a firm policy of the Chinese Government to expand friendly relations and cooperation with ASEAN countries, including Singapore. We will, as always, continue to work together with the ASEAN countries for the maintenance of peace, stability and prosperity in Southeast Asia."

Sino-Indonesian Ties Hailed

OW1108161990 Tokyo KYODO in English 1459 GMT
11 Aug 90

[Text] Singapore, Aug. 11 KYODO—Chinese Premier Li Peng said here on Saturday that China wants to cooperate with the Association of Southeast Asian Nations (ASEAN) to maintain peace in the region and that China is ready to establish diplomatic ties with Singapore.

"We will, as always continue to work together with the ASEAN countries for the maintenance of peace, stability and prosperity in Southeast Asia," Li said at a banquet hosted in his honor by Singapore Prime Minister Lee Kuan Yew.

Li, who flew in from Jakarta earlier in the day for a three-day visit to Singapore, said that China is ready to establish diplomatic ties with the island republic "at an early date."

Prime Minister Lee said Singapore, too, hopes to establish diplomatic ties with China in a few months.

But both sides stopped short of giving an exact date when they will establish ties.

Li's visit took place shortly after Indonesia and China normalized their relations, on Wednesday following a 23-year freeze.

Among the six ASEAN countries, Singapore and Brunei are yet to establish diplomatic ties with China. The four other ASEAN members are Indonesia, the Philippines, Malaysia, and Thailand. Singapore has repeatedly said it will establish relations with China after Indonesia does so.

The Singapore leader, in a speech at the banquet, hailed the normalization of relations between Indonesia and China as "a positive development," and said that Singapore will establish ties with China "in the next few months."

The two premiers held "four eyes" talks earlier in the day, which was closely followed by another meeting between Singapore and Chinese officials which lasted almost two hours.

The question of the establishment of diplomatic relations between the two countries appeared to be high on the agenda.

But analysts see some difficulty in the establishment of such ties between the two countries primarily because of Singapore's military ties with Taiwan.

Taiwan has been providing facilities for the training of Singapore's Armed Forces for several years.

The English-language STRAITS TIMES newspaper said in an editorial "it can well be understood why a country should feel uneasy about a newly acquired diplomatic friend maintaining some form of military ties with an island it considers rebellious and with which it is technically at war."

Lee Kuan Yew Speaks

OW1108183590 Beijing XINHUA in English
1734 GMT 11 Aug 90

[Text] Singapore, August 11 (XINHUA)—Singapore hopes to establish diplomatic relations with the People's Republic of China in the next few months, Singapore Prime Minister Lee Kuan Yew reiterated here tonight.

Delivering a welcome speech at the banquet hosted in honour of Chinese Premier Li Peng at Istana (the presidential palace), Lee Kuan Yew said that the bilateral relations between Singapore and China have been good.

Trade between the two countries has grown sevenfold in 12 years from 851 million Singapore dollars (426 million U.S. dollars) in 1977 to 5.65 billion Singapore dollars

(2.83 billion U.S. dollars) last year, he said, adding that the two countries are moving beyond trade to investments.

He said the normalization of ties between China and Indonesia is a positive development for the region.

On the Asian and Pacific economic cooperation, Lee said that China's economic ties with the region will increase as she continues her open-door policy.

"Singapore hopes China will join the Asia and Pacific Economic Conference (APEC) when she considers the time appropriate, and at the same time agree to the participation of the economies of Hong Kong and Taiwan," he said.

On the Cambodian problem, he said the world can become a safer place only when an aggressor who invades another, especially a weaker country, is punished, not rewarded.

"This is the lesson the Vietnamese have to learn for their aggression on Cambodia," he said.

He stressed that Singapore would urge the five permanent members of the U.N. Security Council, including China, to press a solution upon the Cambodian factions by forming a Cambodian Supreme National Council (SNC) which includes all the parties of the Cambodian conflict.

The U.N., he said, should have an enhanced role in the settlement of this conflict. Vietnam must not be allowed to block the formation of a SNC which will give all Cambodian parties an equal chance of winning in the free elections to follow, and which will be held under U.N. supervision in a politically neutral environment.

On the dramatic changes in the world, he said the balance of forces in Europe and in Asia has changed.

"What new balance will eventually be reached and whether it will be durable, we shall not know for some years," he said.

Lee Kuan Yew Speech Amended

OW1108164290 Tokyo KYODO in English 1505 GMT
11 Aug 90

[Text] Singapore, Aug. 11 KYODO—Two paragraphs of Singapore Prime Minister Lee Kuan Yew's speech at a banquet for Chinese Premier Li Peng, which asked China to modernize its communist economic system, were chopped off minutes before delivery on Saturday.

The speech had been transmitted to both local and foreign media a few hours before it was delivered by Lee, but government officials told the media to delete the two paragraphs.

One of the paragraphs said that the economic success of Hong Kong, Taiwan, and South Korea was proof that China can also modernize.

"It is a question of regearing China's economic system to take advantage of the tremendous dynamism of the free market economies of the world," it said.

"China can plug into this economic power grid by making its economic system compatible with that of the free market economies of the United States, Japan, and West Europe," it continued.

The other paragraph also mentioned that the Tiananmen incident in June last year when the Chinese Government cracked down on pro-democracy demonstrators, was "a setback for China and for the region."

A political analyst, when told about the two paragraphs in the speech, said the words, if actually spoken at the banquet, would have upset Premier Li Peng, known as a hardliner who led the military crackdown.

"I'm sure Li Peng would have been upset and angry" if he heard the words, the analyst said. "It would have upset the whole visit."

Officials declined to give any reason why the two paragraphs were deleted.

During the banquet, Lee said in his speech that he hoped China will join the Asia-Pacific Economic Cooperation (APEC) forum when it considered the time appropriate. He also said he hoped China would agree to the participation of Hong Kong and Taiwan.

Qian Qichen Holds Talks

*OW1208175090 Beijing XINHUA in English
1731 GMT 12 Aug 90*

[Text] Singapore, August 12 (XINHUA)—Chinese Foreign Minister Qian Qichen and his Singapore counterpart Wong Kan Seng held talks here today.

They had discussions on further enhancement of bilateral relations and the Cambodian issue. They reached identical or similar views on the issues discussed. Both sides were satisfied over the outcome of the talks.

The talks were held in a friendly and constructive atmosphere.

Meanwhile, Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin and Singapore Minister of Trade and Industry Lee Hsien Loong also held talks on bilateral economic and trade ties and technological cooperation between the two countries.

Meets Banker, Business Leader

*OW1208203790 Beijing XINHUA Domestic Service
in Chinese 1150 GMT 12 Aug 90*

[By reporter Li Yongming]

[Text] Singapore, 12 Aug (XINHUA)—Chinese Premier Li Peng, who is on an official and friendly visit in Singapore, this morning received noted Singaporean banker Mr. Lian Yingzhou and Mr. Chen Gongcun, a

Singaporean celebrity and former president of the Chinese Chamber of Commerce in Singapore.

As old friends of the Chinese people, Mr. Lian and Mr. Chen have close ties with people in China's banking, commercial, and educational circles. During the meeting, Premier Li Peng had cordial and friendly talks with them in connection with cooperation between the two countries' banking and educational circles.

After the meeting, Mr. Chen told the press that he was very pleased to have the opportunity to meet Premier Li Peng in Singapore, and that he met with Premier Li in Beijing last year. He added that he told Premier Li Peng about his views on China's educational issues, and that Premier Li, after listening to him, instructed the relevant personnel to study his views on certain issues.

Mr. Lian is the chairman of Singapore's Hualian Bank, and Mr. Chen is the nephew of the late Mr. Chen Jiageng, a well-known leader of Chinese overseas. Carrying forward the behest of the older generation, Mr. Chen Gongcun maintains close ties with the Jimei School in Xiamen, Fujian.

Visits Industrial Park

*OW1208135790 Beijing XINHUA in English
1331 GMT 12 Aug 90*

[Text] Singapore, August 11 (XINHUA)—Chinese Premier Li Peng today visited the industrial park (residential quarters) in Ang Mo Kio, in the eastern part of Singapore.

Accompanied by Ong Teng Cheong, Singaporean second deputy prime minister, Li Peng first went to the Housing and Development Board (HDB). He was warmly greeted there by S. Dhanabalan, minister of national development.

Dhanabalan held discussions with Li Peng and presented to Li Peng HDB publications titled "Housing a Nation" and "Designed for Living."

The Chinese guests were given a slide presentation on "The World of HDB."

Li Peng and his party then proceeded to the Ang Mo Kio residential quarters. Li Peng visited a family living in a five-room flat.

Chinese Foreign Minister Qian Qichen and Minister of Foreign Economic Relations and Trade Zheng Tuobin were accompanying Li during his tour of the residential quarters.

Li Peng At News Conference

*OW1208191890 Beijing XINHUA Domestic Service
in Chinese 1746 GMT 12 Aug 90*

[By XINHUA reporter Li Yongming, and RENMIN RIBAO reporter Liu Zhengxue (0491 2973 1331)]

[Text] Singapore, 12 Aug (XINHUA)—At a news conference held at Singapore's Westin-Stanford Hotel early this evening, Premier Li Peng answered reporters' questions concerning Sino-Singaporean relations, the issue of Taiwan, the Middle East situation, and Sino-Indian relations.

On Sino-Singaporean relations, Li Peng said that during his current visit to Singapore, he has been accorded a warm and friendly reception by the Singaporean Government and people. He said that he has had talks with Prime Minister Lee Kuan Yew, paid a courtesy call to President Wee Kim Wee, met with First Deputy Prime Minister Goh Chok Tong, and had contacts with many Singaporean ministers. He said: The visit has enabled us to have a better understanding of Singapore and it has promoted understanding between leaders of the two countries. The visit has been a very successful one.

On establishment of Sino-Singaporean diplomatic ties, Li Peng said: We have long ago taken note of the remarks by Singaporean Prime Minister Lee Kuan Yew that Singapore would establish official diplomatic relations with China after China and Indonesia have reestablished their diplomatic ties. We appreciate this stand. Li Peng said that, during the visit, he and the prime minister discussed issues concerning the establishment of diplomatic ties between the two countries, and that the foreign affairs ministers of the two countries also have exchanged views on this issue. Both sides have achieved a broad consensus of views and there have been no major problems. As for the specific date for the establishment of diplomatic ties, both sides agree that it should be as early as possible. As far as China is concerned, the date for the establishment of ties is not an issue. We respect the view of Singapore.

On issues about Taiwan, Li Peng said: Differences in economic development should not constitute a cause that obstructs national reunification. We are pleased with Taiwan's economic development because we belong to one country. The mainland's economy has also developed substantially over the last 40 years. We already have established a comprehensive industrial system. Our steel output has reached 60 million metric tons, our power output has reached 120 million kilowatts, our annual petroleum output has exceeded 130 million metric tons, and our grain output has exceeded 400 million metric tons. With only seven percent of the total arable land of the world, mainland China has solved the problem of feeding 22 percent of the world's population. The mainland has certain things that Taiwan does not have, while Taiwan is more advanced in other areas. This is to say that the economies of mainland and Taiwan have their respective characteristics.

Commenting on the impact on Taiwan of China's reestablishment of diplomatic ties with Indonesia and the establishment of diplomatic ties with Saudi Arabia, Li Peng said: There is but only one China; Taiwan is a part of China, and the government of the People's Republic of China is the only legitimate government of China.

While reestablishing and establishing ties with Indonesia and Saudi Arabia, China also considered Taiwan's situation. We concur that Taiwan may maintain economic and trade ties and personnel contacts with these countries. But these contacts can only be nongovernmental and private, and not official.

On the current situation in the Middle East, Li Peng said: China's stand of opposing Iraq's invasion of Kuwait is very clear. China voted for Resolutions 660, 661, and 662 of the UN Security Council. In principle, China is against the military involvement of big countries [zhong guo yuan ze shang fan dui da guo de jun shi juan ru 0022 0948 0626 0463 0006 0646 1417 1129 0948 4104 6511 0057 0608 0354] because it would further complicate the already complex situation. This is why we stand for the settlement of the issue within the framework of the Arab League and the Gulf Cooperation Council. We can also understand the defensive measures Saudi Arabia has taken for the sake of its own security.

Answering a reporter's question on the relations between China and India, Li Peng said: China and India are two big countries in Asia and the most populous countries in the world. We want to see an improvement of Sino-Indian relations because not only is this in the interest of the peoples of the two countries, but it is also in the interest of peace and stability in Asia and the world. The official and friendly visit which former Indian Prime Minister Rajiv Gandhi paid to China at the end of 1988 put an end to the situation where there were no contacts between high-ranking leaders of the two countries, and it gave new impetus to the development of Sino-Indian relations. I have accepted Indian prime minister's invitation to visit India, and I hope the visit can be made in the near future.

Attends Barbeque Dinner

OW1208193390 Beijing XINHUA Domestic Service
in Chinese 1656 GMT 12 Aug 90

[Text] Singapore, 12 Aug (XINHUA)—Singaporean Prime Minister Lee Kuan Yew and his wife threw a barbeque dinner this evening in honor of Premier Li Peng and his wife Zhu Lin.

The dinner took place by the side of the swimming pool of the Presidential Building.

Qian Qichen, Chinese minister of foreign affairs, and Zheng Tuobin, minister of foreign economic relations and trade, also attended the dinner.

Goh Chok Tong, first deputy prime minister of Singapore, his wife, and other cabinet ministers were also present.

During the dinner held on the eve before Premier Li Peng concludes his visit to Singapore, the host and the guests had pleasant conversations while savoring all kinds of barbecue food.

Ends Visit

*OW1308060090 Beijing XINHUA in English
0538 GMT 13 Aug 90*

[Text] Singapore, August 13 (XINHUA)—Chinese Premier Li Peng left here for Bangkok this morning for a two-day working visit to Thailand after concluding his three-day official visit to Singapore.

Accompanying him on the visit to Thailand will be Qian Qichen, Chinese foreign minister; Zheng Tuobin, minister of foreign economic relations and trade; and He Chunlin, deputy secretary general of the State Council and concurrently director of the Office of Special Economic Zones under the State Council.

Premier Li Peng was seen off in Singapore Changi Airport by Singapore Second Deputy Prime Minister Ong Teng Cheong, who is minister-in-attendance during Li's visit.

During the visit to Singapore, which followed a week-long visit to Indonesia, Li called on Singapore President Wee Kim Wee and held talks with Prime Minister Lee Kuan Yew in a cordial and friendly atmosphere.

A joint press statement issued this morning said that the two sides had an in-depth exchange of views on the development of bilateral relations as well as regional and international issues of common concern and found many of their viewpoints in common.

They agreed to conclude the negotiations on the establishment of diplomatic relations between the two countries as expeditiously as possible, the joint statement said.

Joint Press Communique Issued

*OW1308050490 Beijing XINHUA Domestic Service
in Chinese 0345 GMT 13 Aug 90*

[Text] Singapore, 13 Aug (XINHUA)—When Premier Li Peng wound up his official, friendly visit to Singapore, China and Singapore issued a joint press communique, in which the two sides agreed to finish as soon as possible negotiations on the establishment of diplomatic relations between the two countries. The press communiques reads in full as follows:

Joint Press Communique on the Visit by the Premier of the PRC State Council to the Republic of Singapore

[Issued on] 12 August 1990

Li Peng, premier of the PRC State Council, made an official, friendly visit to the Republic of Singapore from 11 to 13 August 1990 at the invitation of Singapore Prime Minister Lee Kuan Yew. Those accompanying Premier Li Peng on the visit were Zhu Lin, his wife; Qian Qichen, minister of foreign affairs, and his wife Zhou Hanqiong; Zheng Tuobin, minister of foreign economic relations and trade; He Chunlin, deputy secretary general of the State Council and director of the Special

Economic Zones Office under the State Council; and Xu Dunxin, assistant minister of foreign affairs.

During the visit, Wee Kim Wee, president of the Republic of Singapore, met with Premier Li Peng. Premier Li Peng and Prime Minister Lee Kuan Yew held talks in a cordial and friendly atmosphere, during which the two sides extensively exchanged views on bilateral relations and on regional and international issues of common concern, and reached identical views on many things. Both sides agreed to finish as soon as possible the negotiations on the establishment of diplomatic relations between the two countries.

Premier Li Peng also met with Singapore's First Deputy Prime Minister Goh Chok Tong. Foreign Minister Qian Qichen and Minister of Foreign Economic Relations and Trade Zheng Tuobin held talks with Foreign Minister Wong Kan Seng and Minister of Trade and Industry Lee Hsien Loong, respectively.

Both sides held: The contacts between, and the exchange of visits by, the leaders of the two countries are of great importance for maintaining and developing friendly relations and cooperation between the two countries. On behalf of President Yang Shangkun, Premier Li Peng invited President Wee Kim Wee to visit China at his convenience, and President Wee Kim Wee gladly accepted the invitation. At the invitation of Premier Li Peng, Prime Minister Lee Kuan Yew will make an official, friendly visit to the PRC later this year.

Premier Li Peng expressed heartfelt thanks to Prime Minister Lee Kuan Yew and the Singapore Government and people for the warm and friendly hospitality they accorded him during his visit.

President Lee Kuan Yew Interviewed on Ties

*OW1008224290 Beijing XINHUA Domestic Service
in Chinese 1341 GMT 10 Aug 90*

[Report on Singaporean Prime Minister Lee Kuan Yew's interview with a XINHUA correspondent on 10 August, during which Lee discusses ties with China and solutions to the Cambodian issue]

[Text] Singapore, August 10 (XINHUA)—Singapore Prime Minister Lee Kuan Yew said here today that Singapore and China should strengthen friendship between their new generation of leaders, and the two countries must have a broad agreement on major issues of peace, security and economic growth.

In an exclusive interview with this correspondent in his office in Istana this afternoon, Lee said that there is no reason why the present broad agreement between Singapore and China on major world issues should not continue.

On Chinese Premier Li Peng's visit to Singapore, which will start from Saturday, Lee said that he is in favor of the exchange of visits between the two countries' leaders.

"They increase understanding at a high personal level and this enables better interpretation of reports and can also give insights into complex issues," he added.

Regarding the forthcoming establishment of diplomatic relations between China and Singapore, he said, "Setting up diplomatic relations between Singapore and China is a formality which raises the relations between the two countries to the level which each of us has with most other countries."

"Both governments have been able to keep up consultations since my first visit to China in 1976. Furthermore after the Vietnamese invasion of Cambodia in December 1978, consultations between China and ASEAN have enabled China and Singapore to know each other well," he said.

He said the absence of diplomatic relations has not prevented the two countries from co-operating in the economic, cultural and scientific fields.

"Even at a diplomatic level, we were able to co-operate on the Cambodian problem, especially in the U.N.," he said.

On the normalization of relations between China and Indonesia Lee Kuan Yew said this was "a major turning point" in their bilateral relations.

"Now that China has established diplomatic relations with Indonesia, she can have more direct contacts and increased co-operation with ASEAN," he said.

"Immediately, China can boost its relations with the ASEAN countries by bringing to a fruitful close twelve years of co-operation between the two sides in the search for a comprehensive settlement in Cambodia," he said.

On the proposed Supreme National Council (SNC) of Cambodia, he stressed that it (SNC) should represent all Cambodian parties, so that it can act together with the interim administration of the U.N. to ensure fair and free elections in Cambodia.

Commenting on the U.S. opening talks with Vietnam and the proposed dialogue between the U.S. and the Hun Sen regime, he said, "If we stand firm, and refuse to compromise, there will be the Supreme National Council, the U.N. interim administration and free and fair elections."

"Meanwhile, it's necessary to ensure that the Coalition Government of Democratic Kampuchea does not lose [its] seat in the U.N. until the Supreme National Council is formed.

Asked about the secrets that led Singapore to success in the past 25 years, he replied that the key to Singapore's success lay in adopting "a realistic and practical attitude." "We established links with the free market economy of the industrialized countries, brought in their capital, opened up their markets, and learned from their expertise in management and technology."

On the challenges facing the Asian countries, Lee said the challenges are how to maintain peace and stability in order that we can all achieve high economic growth rates and modernize speedily.

"We need both to co-operate and to compete peacefully with each other and the industrial nations for trade, investments, tourism and all economic activities," he said.

Li Peng Meets Reporters in Bali

OW1008171590 Beijing XINHUA in English
1558 GMT 10 Aug 90

["Chinese Premier on Sino-Indonesian Relations"—XINHUA headline]

[Text] Bali, Indonesia, August 10 (XINHUA)—Visiting Chinese Premier Li Peng said here today that the resumption of the normal relations between China and Indonesia will play a positive role in maintaining peace and stability, and promoting development in the Asia and Pacific region.

At a meeting with the local reporters here tonight, at which Chinese Foreign Minister Qian Qichen was also present, the Chinese premier said that trade can be the beginning of development of the economic relations between China and Indonesia. China and Indonesia have made some practical achievements in this field.

Moreover, during the visit some trade contracts of this kind have been signed, the premier said, adding the two countries also can further enhance cooperation and exchanges in the fields of science and technology as well as culture.

As for the Asian-Pacific economic cooperation, Premier Li Peng said that China supports, in principle, the proposal put forward by some other countries that an organization for Asian-Pacific economic cooperation be formed. However, he added that due to different conditions and development phases of the countries in the region, we should not copy the models from other regions. China holds that the economic cooperation between countries in the region should be based on the principle of consultations and mutual benefit.

Asked what he was thinking of when he had pictures taken in front of late Chinese Premier Zhou Enlai's portrait at the site of Bandung Afro-Asian Conference, the Chinese premier said the Chinese leadership and the Chinese people show great respect to the late premier. "I have all sorts of feelings up in my mind when I saw Zhou's portrait in the exhibition and the scenes of Zhou speaking at the Afro-Asian Conference in the documentary," Li said.

The 10 principles put forward at the Afro-Asian Conference following the five principles of peaceful co-existence are of great practical significance, Li Peng said.

Li said that Zhou Enlai proposed the idea of seeking common ground while reserving differences for achieving unity among Asian and African nations, which was welcomed by the participants, thus making contributions to the success of the conference.

Asked about the Sino-Vietnamese relations, Chinese Foreign Minister Qian Qichen pointed out that China and Vietnam have diplomatic ties as well as dialogues and contacts. Their officials at quite high levels held talks not long ago, but the talks ended without progress, he said.

He stressed that this was mainly due to the fact that Vietnam stuck to its old position on the Cambodian issue.

The Chinese foreign minister expressed the hope that Vietnam would, like China and Indonesia, support the two documents concerning a political solution to the Cambodian issue, which were adopted recently by the five members of the Security Council of the United Nations, so as to help find a solution to the Cambodian problem.

Asked about whether an organization, like the Conference of Security and Cooperation in Europe, should be established in Asia, Qian said the situation in Asia is different from that in Europe. Such an organization in Europe is necessary because two big conflicting military blocs exist in the continent, Qian continued, adding that it would be unnecessary for such an organization to exist without such a confrontation. It would be improper for Asia to follow suit, the foreign minister added.

More on Meeting

*HK1308101990 Beijing RENMIN RIBAO in Chinese
11 Aug 90 p 1*

["Li Peng Answered Reporters' Questions in Bali"]

[Text] Bali (Indonesia), 10 Aug (RENMIN RIBAO)—Premier Li Peng met with chief editors and senior reporters of five major newspapers in Indonesia at Bo-ta-mi-na Villa where he was saying this evening, and fielded questions from them. Foreign Minister Qian Qichen was also present.

On Sino-Indonesian relations, Premier Li Peng said that the resumption of normal relations between China and Indonesia, two big countries in the Asia and Pacific Region, will play a positive role in maintaining peace and stability and promoting development in the region. The premier said: Trade can be the beginning of the development of economic relations between China and Indonesia. The two countries have made some practical achievements in this field. During our current visit, some trade contracts of this kind have been signed. The two countries can also further enhance cooperation and exchanges in the fields of science and technology as well as culture.

On Asian-Pacific economic cooperation, Premier Li Peng said: China supports, in principle, the proposal put forward by some other countries that an organization for Asian-Pacific economic cooperation be formed as an institution to promote economic cooperation within the Asia-Pacific region. However, because of different conditions and developmental phases of the countries in the region, we should not copy the models from other regions. China holds that economic cooperation between countries in the region should be based on the principles of equality, mutual benefit, and consultations.

Asked what his thoughts were when he had pictures taken in front of the late Chinese Premier Zhou Enlai's portrait exhibited at the site of Bandung Afro-Asian Conference, Premier Li Peng said: The Chinese leaders and people have great respect for the late premier. He made tremendous contributions to the founding of New China and its socialist construction. He was not only a great statesman and military strategist but also an outstanding diplomat. Premier Li Peng said: "I had all sorts of feelings when I saw Premier Zhou Enlai's portrait in the exhibition and the scenes of him speaking at the Afro-Asian Conference in the documentary." Premier Li Peng continued: The 10 principles put forward at the Afro-Asian Conference following the five principles of peaceful coexistence still shine with radiance and are of great practical significance today. Premier Li Peng said: At the Bandung Conference, Premier Zhou Enlai proposed the idea of seeking common ground while reserving differences for achieving unity among Asian and African nations, which was welcomed by the participants, thus making contributions to the success of the conference.

Asked about Sino-Vietnamese relations, Foreign Minister Qian Qichen said: China and Vietnam have diplomatic ties as well as dialogues and contacts. Officials at the same level [xiang dang ji bie 4161 3981 4787 0446] from the two countries held talks not long ago, but the talks ended without progress. This was mainly because of the fact that Vietnam stuck to its old position on the Cambodian issue. Qian Qichen expressed the hope that Vietnam would, like China and Indonesia, support the two documents concerning a political solution to the Cambodian issue which were adopted recently by the five permanent members of the UN Security Council, to help find a solution to the Cambodian problem.

Asked about whether an organization like the Conference of Security and Cooperation in Europe should be established in Asia, the Chinese foreign minister said: The situation in Asia is different from that in Europe. Such an organization in Europe is necessary because two big conflicting military blocs exist on the continent. Without such a confrontation, it would be unnecessary for such an organization to exist. It would be improper for Asia to copy the formula of the Conference of Security and Cooperation in Europe.

Indonesian Foreign Minister Praises Li Peng Visit

OW1008122790 Beijing XINHUA in English
1208 GMT 10 Aug 90

[Text] Bali, Indonesia, August 10 (XINHUA)—Indonesian Foreign Minister Ali Alatas said here today that Chinese Premier Li Peng's visit to Indonesia has ushered in a new stage of the diplomatic relations between the two countries.

Alatas made the remarks at a press conference at the end of the Chinese premier's visit to Indonesia.

He said, "The Chinese premier's official visit coincided with the declaration of the resumption of the diplomatic ties between the two countries, so it means a new stage. This visit also has turned out a very productive one."

He also said, "I have just been told by Mr. Zheng Tuobin, minister of Chinese Foreign Economic Relations and Trade, that after the signing of the trade agreement between the two governments on August 8, several contracts between the two sides have been sealed, which of course benefit each other."

"The normalization of the two countries' relationship is indeed of great significance for Indonesia and China. It also exerts influence on ASEAN (the Association of Southeast Asian Nations), I predict this event will produce far-reaching impact on Asia and Pacific region," Alatas concluded.

Li Peng's Visit to Indonesia Called Significant

HK1008104490 Hong Kong LIAOWANG OVERSEAS
EDITION No 32 in Chinese 6 Aug 90 p 3

[Article by Huang Zhinan (7806 1807 0589): "Premier Li Peng's Visit to Indonesia is of Great Significance"]

[Text] When China and Indonesia are going to resume diplomatic relations on the 8th August, PRC Premier Li Peng was invited by Indonesian President Suharto for a five-day official and friendly visit to Indonesia, starting from the 6th to the 10th of August. The objective of Premier Li Peng's visit is to celebrate the restoration of diplomatic relations between the two countries, get to know Indonesian leaders, increase mutual understanding, and expand cooperation.

Indonesia, also known as "the country with a thousand islands," is the world's largest country of archipelago. It has a population of 180 million, ranking the fifth in the world. Indonesia is rich in various products, and its petroleum and natural gas production tops Southeast Asia. Its kapok production ranks first in the world, and its natural rubber production ranks second in the world, next only to Malaysia. For many years, Indonesia's political situation has been stable, and its economy has continually been developing. In the 1960's, it needed to import over one million metric tons of grain, however in 1985 it not only could supply its own needs but had surplus grain for export. Indonesia's per-capita GNP has

risen from \$50 at the end of the 1960's to \$520 at present, and it has a foreign exchange reserve of \$10.5 million.

The peoples of China and Indonesia have long had contact with each other and have been on very friendly terms. As early as the seventh century, they already established economic and cultural links. On all of China's great navigator Zheng He's seven trips to the West during the 15th century, he visited Indonesia. Indonesia's kapok, and numerous species and plants, such as kapur, agalloch eaglewood, clove, borneol were imported to China. While the recipe for bean sprouts, bean curd, and soya bean-milk of China were introduced to Indonesia, and they are deeply loved by the Indonesian people.

Indonesia established diplomatic relations with China in April 1950, and was one of the first countries that recognized her. In 1967, for some historical reasons, they severed diplomatic relations.

After establishing diplomatic relations, Indonesia and China signed a trade agreement for the first time at the end of 1953. In April 1955, the Asian-African Conference was convened in the hill city of Bandung, Indonesia, at which 10 far-reaching principles were passed. Former Chinese Premier Zhou Enlai headed a delegation for the meeting at which he elaborated on the famous Five Principles of Peaceful Coexistence, making an important contribution to the successful convening of the meeting. After the meeting, Premier Zhou visited Jakarta, the capital of Indonesia. Former PRC Chairman Liu Shaoqi, and Vice Premier and Foreign Minister Chen Yi also visited Indonesia in 1963 and 1961 respectively, thus effectively promoting close cooperation in various aspects such as politics, economy, diplomacy, culture, education, and others.

Although trade between the two countries did not stop after their diplomatic relations were severed, it could only be carried out by indirect means such as entrepot trade, thus being unfavorable to both sides. Since they resumed direct trade in 1985, Indonesia has become China's important trade partner in Southeast Asia. Their trade volume last year rose to over \$800 million from the \$610 million in 1987.

Indonesia and China are two large countries in Asia. If they were unfriendly to each other, it would be unfavorable to stability and peace in Asia and to their economic development. In view of this, since 1971, governments of the two countries have expressed again and again their hope of restoring their friendship. With this consensus as the basis, foreign ministers and ambassadors of the two countries contacted each other many times, reached unanimity on the restoration of diplomatic relations, and agreed to normalize their diplomatic relations on the basis of the Five Principles of Peaceful Coexistence and the 10 Principles of the Bandung Meeting. Afterwards, they carried out negotiations on some technical questions regarding the restoration of diplomatic relations,

such as the reestablishment of embassies, dual nationality, and debt repayment, and they obtained satisfactory results.

In recent years, Indonesia has become very active in the international arena. In addition to their consistent efforts to promote regional cooperation in the political, economic, scientific, and technological aspects and other aspects, Indonesia and the other five ASEAN countries are seeking a just, reasonable, and comprehensive solution to the Cambodian issue by vigorously mediating between the disputing parties. China and ASEAN countries hold many common views on the Cambodia issue and on other international issues that the both of them are concerned about. The fact that they resume diplomatic relations not only is in keeping with the hope and interest of the peoples of both countries, but also will make a new contribution to strengthening the friendship between China and ASEAN countries, and to safeguarding the peace and development of Asia.

Premier Li Peng's visit to Indonesia is very significant and has enormous influence whether on strengthening Sino-Indonesian friendly cooperation relations or on promoting peace and stability in Asia.

Commentary Hails Li Peng's Visit to Indonesia

*OW1308085690 Beijing International Service
in Mandarin 0900 GMT 11 Aug 90*

[Commentary by unattributed station reporter: "A Historic Visit"]

[Text] Dear listeners, Chinese Premier Li Peng paid an official goodwill visit to the Republic of Indonesia from 6 through 11 August. The visit, which opened up a new chapter in the annals of Sino-Indonesian relations, symbolizes the resumption of normal ties between the two countries after an interruption of 23 years. On this, please listen to the following commentary by our station reporter, entitled: "A Historic Visit."

China and Indonesia are two big countries in Asia that have a longstanding history of friendly contacts. Indonesia was among the countries to establish diplomatic relations with the PRC in its early days. Following the establishment of diplomatic ties in 1950, exchanges and cooperation between the peoples of the two countries developed smoothly. Although bilateral relations were at a low ebb after October 1967, it was only a short episode in the long history of friendly intercourse, as pointed out by the leaders of the two countries. In their talks, the leaders of the two countries pledged to improve and develop friendly cooperation in a forward-looking spirit.

During the visit, the Chinese and Indonesian Governments signed a memorandum in Jakarta on the resumption of diplomatic relations and decided that official diplomatic ties be restored immediately on the basis of the 10 principles of the Bandung Conference and the five principles of peaceful coexistence. At the state banquet in honor of Li Peng, President Suharto said: Premier Li

Peng's visit is a new milestone in the history of relations between the Chinese and Indonesian nations and countries. Li Peng said: This historic day marks the end of the past and the beginning of a new course in the history between the two countries.

Although the national conditions and social systems of China and Indonesia are different, both countries face a heavy task in developing their economies. In view of current momentous and penetrating international changes, the resumption of Sino-Indonesian diplomatic ties not only conforms to the aspirations and interests of the countries and their peoples, but also benefits peace, stability, and development in Asia.

During the visit, the leaders of the two countries held sincere and friendly talks on bilateral relations, and endeavored to explore new ways and means for strengthening cooperation in political, economic, and other fields. It was during the visit that China and Indonesia signed the first trade agreement after the official resumption of diplomatic ties. The governments of the two countries decided to give each other the most-favored-nation status.

During the visit, the leaders of the two countries held in-depth discussions on international issues of common concern and reached a broad common understanding. On the Cambodian issue, the two sides held that there are some positive aspects in the latest development, but there are also other factors which have complicated the problem solving process. The two sides agreed that a complete, just, reasonable, and early political solution to the Cambodian issue is not only in line with the interests of the Cambodian peoples but also of great significance to safeguarding peace and stability in the region. Both sides expressed support for the document drafted by the five permanent members of the UN Security Council on military and administrative arrangements in Cambodia during a transitional period. China reiterated its support for the unswerving efforts made by Indonesia and other members of the Association of the Southeast Asian Nations for a political settlement of the Cambodian issue. The two sides stressed that the countries concerned should do their best to facilitate reaching an agreement among the four parties in Cambodia on the formation of the Cambodian National Supreme Council with Prince Sihanouk as the chairman, to substitute for the UN seat occupied by the Cambodian National Government. However, before such a committee is formed, Cambodia's UN seat should remain as it is. The two sides pledged to step up cooperation and contacts in the process of solving the Cambodian issue.

Premier Li Peng's visit to Indonesia was a great success. Although the visit was short, it has written a new chapter in the annals of Sino-Indonesian relations. The chapter records the important moment of resuming Sino-Indonesian relations, as well as revitalizing the traditional friendship between the people of the two countries.

Sihanouk Leaves Pyongyang for Beijing

OW1108081690 Beijing XINHUA Domestic Service
in Chinese 0722 GMT 11 Aug 90

[By reporter Zhang Jinfang]

[Text] Pyongyang, 11 Aug (XINHUA)—Cambodian President Prince Norodom Sihanouk and his wife left Pyongyang for Beijing by special plane today.

Seeing them off at the airport were Kim Yong-nam, vice premier and foreign minister of Korea's State Administration Council; Son Chhum, Cambodian ambassador to Korea; and Jiang Zhengcai, charge d'affaires ad interim of China's embassy in Korea.

Arrives in Beijing

OW1108111790 Beijing Domestic Service
in Mandarin 0930 GMT 11 Aug 90

[News brief from the "National Hookup" program]

[Text] Cambodian president, Prince Norodom Sihanouk, and his wife, Princess Monique, arrived in Beijing by special plane from Pyongyang at noon today.

Met by Foreign Affairs Official

OW1108134990 Beijing XINHUA in English
1335 GMT 11 Aug 90

[Text] Beijing, August 11 (XINHUA)—President Norodom Sihanouk of Cambodia and his wife arrived here from Pyongyang today.

They were met at the airport by Liu Shuqing, director of the Foreign Affairs Office under the Chinese State Council, as well as Cambodian, Korean and Guinean diplomatic envoys to China.

Singapore, Thailand Coverage of Li Peng Visit

WA1308141990

For Singapore and Thailand reportage on the visit to Singapore and Thailand by Prime Minister Li Peng, see the Brunei, Malaysia & Singapore and Thailand sections of the 13 August and subsequent issues of the East Asia DAILY REPORT.

Near East & South Asia

Gulf Crisis Strains PRC Foreign Policy

HK1308091790 Hong Kong MING PAO in Chinese
13 Aug 90 p 8

[Article by Hsia Lu (1115 5684): "Iraq-Kuwait Crisis and China's Foreign Policy"]

[Text] Since the outbreak of the Iraq-Kuwait war, the Chinese authorities' position on the issue has been vacillating; moreover, they responded more often than not slower than most countries in the world in this

regard. This shows that the current Gulf crisis is unprecedentedly lashing and testing China's foreign policy.

As everybody knows, China has always regarded the concept of "Third World" as the bedrock of its foreign policy. Not only has China persistently stressed that it belongs to the Third World forever, but it has also continuously hoped to become the spokesman of the Third World countries and particularly hoped to speak out for them in the United Nations. Nevertheless, the current Iraqi invasion and annexation of Kuwait is precisely a naked atrocity done by a Third World country against another country of the Third World. This act of aggression by Iraq outdid any act of aggression previously committed by imperialist countries.

In the face of this new situation, the earliest response of the Chinese leaders was that they approached it still using the Third World theory as they had done in the past. On the first day of Iraq's invasion of Kuwait, China declared its position in the form of statement by a Foreign Ministry spokesman, stressing that both Iraq and Kuwait belong to the Third World and they have no fundamental conflicts of interest. Although China said that the two countries should not solve their conflicts by resorting to force, it did not appeal to Iraq to withdraw its armed forces from Kuwait unconditionally and even did not utter any condemnation against the Iraqi act of aggression.

However, Iraq's act of aggression was immediately condemned by the entire international community, including most Arab states. Under these circumstances, China's earliest response made itself fall into a passive position to a certain extent. Consequently, the issue of Chinese arms supply to Iraq became the concern of the world opinion community. Later on, China had to swiftly change its position and at a UN Security Council session, voted in favor of imposing complete sanctions on Iraq. Premier Li Peng personally emphatically said that China condemned the Iraqi act of aggression and ceased its arms supply to Iraq.

As a supplement to the Third World theory, China has consistently stressed that the contention between the two superpowers of the United States and the Soviet Union for hegemony is the source of turbulence and unrest in the world and the greatest threat to world peace. Even after the Soviet Union and Eastern Europe underwent changes and the United States and the Soviet Union moved to a complete detente, China has still stressed that the Cold War has not ended and new hegemony and power politics are forming. The current Iraqi invasion of Kuwait, which is completely separate from the involvement of the two superpowers contending for hegemony, has equally caused turbulence and unrest throughout the world and posed a serious threat to world peace. Moreover, the United States and the Soviet Union unprecedentedly issued a joint statement to condemn Iraq for its act of aggression rather than use the current crisis to

serve their own interests. That big powers made concerted efforts to safeguard justice and small countries' interests has become a new pattern.

After the United States announced sending troops to Saudi Arabia, Iraq tried to stir anti-American feelings among the Arab people, in an attempt to mislead the public and confuse right and wrong. China changed its position of strongly condemning Iraq, which had lasted for several days, and issued a statement of opposition to big powers' intervention by sending troops, stressing that the crisis should be solved by Arab countries themselves. It turned out that China once again made a wrong statement of position. There have been no universal anti-American feelings among Arab nations. On the contrary, the emergency summit of the Arab League, which was held in Cairo, adopted a resolution by an overwhelming 12-3 vote to condemn Iraq once again and form a united Arab army to enter Saudi Arabia to cope with Iraq together with international united forces headed by the United States. The U.S. sending of troops swiftly won the wide-ranging understanding and support of people of insight in the international community.

For a long time, China has firmly supported the liberation cause of the Palestinian people and all along regarded the Palestinian issue as the crux of the Middle East question. Even after the Iran-Iraq war, which posed a serious threat to the peace and economic development of the Middle East region, China has never reviewed its approach toward the Middle East issue. Several days before the outbreak of the Iraq-Kuwait war, China's State President Yang Shangkun said to reporters: "The Palestinian issue is where the crux of the Middle East question lies."

However, the recent outbreak of the Gulf crisis shows that, true, the Israeli invasion and longstanding occupation of Palestine is one of the crucial reasons for the longstanding unrest in the Middle East region, but the contradictions and conflicts among other states in the region are equally seriously damaging. Moreover, Arafat, chairman of the Palestine Liberation Organization, performed as a buffoon in the current Gulf crisis. At the emergency summit of the Arab League, together with Libyan madman Al-Qadhafi, he helped a tyrant to do evil. This made the international community once again link the PLO with terrorist activities in the world. The Chinese leaders should have reviewed their Middle East policy which regards these madmen and maniacs as company.

Iraq's invasion and annexation of Kuwait is an issue as clearly demarcated as black and white. Why should the Chinese authorities feel so bewildered about it and why is their position so vacillating? The crux of the issue lies in the fact that since the 4 June incident, the hardliners within the Communist Party of China have held sway in the party and China's foreign policy has lost the flexibility and practicality it had in the past decade of reform and opening up to the outside world. Some Chinese leaders completely ignored the fundamental changes

taken place in the world. If this knot is not untied, it will be difficult to hope that there will be genuine innovative advances in China's diplomacy.

Arab Efforts To Alleviate Gulf Tension Viewed

HK1008145690 Beijing RENMIN RIBAO in Chinese
9 Aug 90 p 7

["Roundup" by staff reporter Lin Jiaoming (2651 4109 2494): "Arab Countries Strive To Avoid Escalation of Conflict"]

[Text] Cairo, 8 Aug (RENMIN RIBAO)—On 2 August, the Iraqi troops invaded Kuwait, and the Gulf situation has suddenly become tense. Arab countries are astonished at the sudden change in the situation, while most countries feel extremely sorry about this and demand that the Iraqi troops promptly withdraw from Kuwait in order to avoid intensifying the situation.

A few days ago, Egyptian President Mubarak met with Iraqi Vice President Yibudusin (Yi Bu Du Xin 2496 0592 2629 2946) who paid a hurried visit to him. The Iraqi Vice President handed Mubarak a letter by President Saddam Husayn. The Egyptian President met with Kuwaiti Heir Apparent Sa'd al-'Abdal-lah at Port Alexandria, and exchanged views with him on the current tense situation on the Gulf and on whether the danger will be escalated.

Since the 2 August, various Arab countries have come into contact with one another in various aspects over Iraq's invasion of Kuwait in order to vigorously coordinate attitudes. Various foreign ministers of the Arab League states put aside the agenda at the Meeting of Islamic Foreign Ministers, and explored for a long time for a common attitude. Although different views were held at the meeting, three principles were finally agreed on. Most Arab countries hold that the differences between Arab countries should not be resolved by resorting to force, and that a country should not overthrow the legitimate government of another country by force. The Emergency Meeting of Foreign Ministers of the Arab League and the Meeting of Foreign Ministers of the Council for Gulf Cooperation proposed that the Iraqi troops should immediately withdraw from Kuwait.

Moreover, the efforts of Arab countries to seek a peaceful settlement of the Iraq-Kuwait dispute are centered on the proposal that the Emergency Meeting of Heads of Arab Countries (EMHAC) be convened. For this reason, Jordanian King Hussein visited Egypt on 4 August and negotiated with President Mubarak. Telephone conversations are carried on frequently throughout Cairo, Damascus, Ar Riyad, and Amman, by the heads of various Arab countries; and special envoys shuttle from country to country. Although the EMHAC, which is still under negotiation, has not been convened, there has been understanding on the attitudes of all countries through mutual negotiation. Egypt and other countries hold that the EMHAC should stick to the basic

condition that Iraq should withdraw its troops from Kuwait and restore the legitimate Emir Government of Kuwait.

In the meantime, Yemani President Salih and Palestinian State President Arafat flew briskly between Baghdad and Cairo more than once the past two days. They either help reconcile attitudes or put forward new proposals for a peaceful settlement of the dispute. The Palestinian Liberation Organization and Libya put forward a Six-Point proposal, whose details have not been published. It has been handed to President Husayn and made known to Egypt.

Arab countries still differ in their views on Iraq's invasion of Kuwait and the ensuing consequences. Nevertheless, the majority of attitudes of Arab countries in denouncing Iraq are gradually getting closer to one another and tend to coordinate. The Jordanian Prime Minister said today that the Jordanian Government is not prepared to recognize the so-called republic whose establishment was declared by the Kuwait Provisional Government. The Yemani Government also holds that interference in the affairs of a neighbor country by force is unacceptable.

The tense situation on the Gulf is still developing and changing, and all Arab countries are watching it with extreme worry. Popular opinion in Arabia mainly tends to hold that the invading act, which is in contravention of the spirit of the Arab League Charter, will not be helpful to eliminating the differences among Arab countries but will only intensify the regional situation and bring serious harm to the overall interests of the Arab nationality. The way to resolving the current crisis is that Iraq immediately withdraw its troops from Kuwait unconditionally.

Sanctions Against Iraq Produce Results

HK1308043290 Hong Kong TA KUNG PAO in Chinese
13 Aug 90 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Sanctions Against Iraq Are Yielding Initial Results"]

[Text] The crisis resulting from the Iraqi invasion of Kuwait has now entered its 11th day. The speedy development of events has brought a strong smell of gunpowder to the world situation, which was for a time tending toward relaxation. It was said yesterday that Saudi Arabia opened fire on Iraqi military planes. Despite denials by Saudi Arabia and Iraq, people still feel the inevitability of a war. Saddam's remarks were subsequently announced in Baghdad, thus giving some hope for a peaceful settlement of the Gulf crisis.

There were two important points in the information released in Baghdad yesterday.

First, Saddam proposed that the UN Security Council exercise command over the Arab allied forces, to replace

the U.S. troops; the Gulf crisis should be solved together with other Middle East issues; in exchange, the UN Security Council should lift its sanctions.

Second, he urged the people to economize food and clothing for the war; each family can only store grain for a week at most, and no hoarding is permitted.

These two points indicate that Saddam's situation is becoming difficult under international economic, military, and political pressure.

Viewed from the first point, Iraq has retreated from its stand at the Arab summit a few days ago, admitting the necessity of forming the Arab allied forces to solve the Gulf crisis and indirectly accepting UN mediation.

However Saddam evaded the crux of the issue: Iraqi invasion of Kuwait and Kuwaiti annexation to it. He is trying to cause confusion by demanding a settlement of the Gulf crisis together with the Lebanese and Palestinian issues. This does not have any practical significance. The withdrawal of Iraqi troops from Kuwait must not have any preconditions.

Saddam's purpose in accepting the formation of the Arab allied forces is to offset the U.S. military pressure. Judging from the resolution made by the Arab allies a few days ago, the Arab allied forces have very limited military power, so limited that they will not constitute a deterrent to Iraq.

Of the 12 nations that cast affirmative votes, only a few really have military power, and they account for half of the gulf states. The strongest is Saudi Arabia, which possesses 60,000 troops, and the next one is the United Arab Emirates, with 40,000 troops. Then Oman, possessing 25,000 soldiers. The rest includes Qatar and Bahrain, possessing only several thousand troops, who are of no avail. Of the other six nations, only Egypt, Morocco, and Syria can dispatch troops, whereas Lebanon, Djibouti, and Somalia can hardly send any. Although Syria has 360,000 troops, 4,000 tanks, and 500 fighter planes, it has to protect itself against Iraqi surprise movements along the 600-km-long border. So Syria is unlikely to dispatch a large number of reinforcement soldiers. Nations that will really be able to assist Saudi Arabia are possibly Egypt and Morocco (respectively possessing 450,000 and 150,000 troops).

The formation of the Arab allied forces is more significant in the political than in the military field. Saddam's proposal to replace the U.S. troops is also a trick aimed at reducing the military pressure from the Arab allied forces, apart from offsetting the U.S. military pressure itself.

What is gratifying is that Saddam's remarks have revealed the initial results of international sanctions.

Petroleum and grain are two weak links in Iraq's production. Its petroleum exports have stopped because Turkey and Saudi Arabia have turned off the oil pipelines and the Gulf has been blockaded. Saddam's call on the

people for economizing food and clothing suggests a grain shortage in the country.

Iraq relies on imports for most of its grain supply. Its annual grain imports amount to several billion U.S. dollars. In the period before its invasion of Kuwait, Iraq practiced grain distribution because its grain supply was inadequate. Now rice, sugar, and cooking oil can only be bought from state-run stores, where the citizens have to queue in long lines.

Saddam has not shown any sign of submission, so the international community should continue its economic sanctions to stop Iraq without waging a war, as this will reduce bloodshed and sacrifice. Jordan is a loophole in the current embargo on Iraq. Therefore, its developments are worthy of attention.

Spokesman Says Personnel Safe in Kuwait

*OW1008121090 Beijing XINHUA in English
1155 GMT 10 Aug 90*

[Text] Beijing, August 10 (XINHUA)—A Foreign Ministry spokesman said here today that all Chinese personnel in Kuwait, including construction workers and students, are safe.

"It is learned that Chinese Government departments are following the developments closely and will take necessary measures to ensure the Chinese citizens' safety," the spokesman said.

Iraq Demands Foreign Embassies in Kuwait Close

*OW1008115390 Beijing XINHUA in English
2333 GMT 9 Aug 90*

[Text] Baghdad, August 9 (XINHUA)—Iraq today demanded all foreign embassies in Kuwait to move their operations to Baghdad within two weeks.

Diplomatic missions in Baghdad were summoned to the Foreign Ministry to be informed of the decision one day after Iraq announced its "merger unity" with Kuwait, following its invasion of that tiny oil-rich Gulf country.

The Foreign Ministry asked all foreign embassies to "clear up" their operations in Kuwait and transfer them to Baghdad before August 24.

Diplomatic missions in Kuwait "no longer have official status, and became illegal since the proclamation of full unity on August 8," said the Foreign Ministry.

More than three scores of countries, including Iraq, maintained embassies in Kuwait.

Earlier today, Iraq effectively cancelled its debt owed to Kuwait when the latter backed Baghdad in its eight-year war against Iran.

A statement issued by the ruling Revolutionary Command Council this morning said Iraq would honor Kuwait's debts except those infringed on Baghdad's sovereignty.

Iraq will honor all of "Kuwait's financial and economic obligations to all countries, private or public," said the statement, "Iraq can afford them."

Kuwait has an estimated 100 billion U.S. dollars in foreign reserves. Most Kuwaiti assets overseas were frozen following the Iraqi invasion.

Before Iraqi troops swept through Kuwait last Thursday, Baghdad had demanded that Kuwait cancel the debts because "Iraq fought the war to protect all Arabs" from Iran's Islamic revolution.

Also today, Iraq notified representatives of the European Community in Baghdad that its borders were closed except for diplomats and nationals of a few "friendly countries."

Indian Foreign Minister To Visit PRC in Oct

*OW1008120190 Beijing XINHUA in English
1151 GMT 10 Aug 90*

[Text] New Delhi, August 10 (XINHUA)—Indian Minister for External Affairs Inder Kumar Gujral said he will visit China sometime in October at the invitation of his Chinese counterpart, PRESS TRUST OF INDIA (PTI) reported today, quoting news reports from Kathmandu.

In an interview, telecast late last night over the Nepal television, Gujral said that in conformity with the changing world relations, the Sino-Indian relations had also taken a turn for the better.

He said a few months back India had the privilege of welcoming Chinese Foreign Minister Qian Qichen and "the talks between myself and him created a great hope and optimism in our mind. I think it is the beginning of our understanding."

The minister said that by the end of this month, the joint working group on boundary was meeting. "I am trying to work out my program of visiting China sometime in October, the invitation is there," he said.

Comparison—Yang Meets Saudi Ambassador

HK1008034290

Beijing RENMIN RIBAO Domestic Edition in Chinese on 8 August carries on page 1, in the middle of the upper half, a 600-character report by reporter Gu Yuqing, entitled: "When Accepting Credentials From the First Saudi Arabian Ambassador to China, President Yang Shangkun Says Sino-Saudi Arabian Relations Have Entered a New Period." This version has been compared with the translation of the RENMIN RIBAO OVERSEAS EDITION version published in the 8 August 1990 China DAILY REPORT, beginning on page 15, revealing the following variations:

Page 15, column one, first paragraph, only sentence RENMIN RIBAO Domestic version reads: ...al-Alamdar in Beidaihe. He said that the establishment of diplomatic relations between China and Saudi Arabia is an important event of historic significance and marks the beginning of a new period in the two countries' relations. [new graf] When presenting the... (noting variant wording).

Page 15, column one, second paragraph, only sentence RENMIN RIBAO Domestic reads: ...Arabia and China. He conveyed King Fahd's regards and good wishes to President Yang, as well as the regards of the Saudi Arabian Government and people to the Chinese Government and people. [new graf] President Yang extended... (noting additional sentence).

Page 15, column two, first paragraph, first sentence RENMIN RIBAO Domestic reads: ...countries. He said: The establishment of Sino-Saudi Arabian... (noting deletion of third sentence).

Page 15, column two, last paragraph, only sentence RENMIN RIBAO Domestic reads: ...calm down quickly. [new graf] President Yang asked Ambassador Tawfiq to convey his regards to King Fahd and reiterated his invitation to King Fahd to visit China. [new graf] This was President Yang Shangkun's first meeting with foreign guests since his hospitalization for an operation on acute appendicitis in late June. President Yang is now in good health and looks fine. He reportedly swims in the sea here for over an hour every day. (noting additional passage).

Political & Social

Jiang Zemin on Improving Party Schools

HK1308152390 Beijing RENMIN RIBAO in Chinese
12 Aug 90 pp 1, 4

[Speech by Jiang Zemin made at the National Forum of Party School Presidents on 12 June 1990: "Several Questions on Strengthening the Building of Party Schools"]

[Text] Based on Comrade Deng Xiaoping's suggestion, the party Central Committee has concentrated its attention on grasping party building since the Fourth Plenary Session of the 13th CPC Central Committee. It has approved the convocation of national conferences of heads of propaganda departments and organization departments respectively and a work conference on party building in institutions of higher learning. In addition, it has set up a seminar on party building theories in the Central Party School and taken a series of important measures to gear up the work of party building. Now, a general climate for the whole party to grasp party building has begun to take shape. Under such circumstances, it is most necessary to hold this national meeting of presidents of provincial, regional, and municipal party schools to study and solve some important and urgent questions concerning the building of party schools. It is hoped that through this meeting our work on party schools will be further beefed up, and efforts will be made toward a still greater success in running party schools at all levels.

A moment ago, you made many good suggestions on how to run party schools well and raise the quality of education. Now, I will point out a few questions which I would like to discuss with you. 1. We should fully understand the strategic importance of using Marxism to arm the cadres of the whole party under the new historical condition.

Cadres are a decisive factor once the political line is determined. This correct assertion is especially vital now and will be for some time to come. Since the Third Plenary Session of the 11th CPC Central Committee, our party has established the basic line of focusing on economic construction, upholding the four cardinal principles, and persisting in reform and opening to the outside world. Our party has set the three-step strategic goal for our country's economic development, and thanks to efforts made by comrades in the whole party and people throughout the country, we have met the first-step target of doubling the per-capita gross national product earlier than scheduled. The next 10 years will be a decade of decisive importance to the modernization of our country. If our country can achieve the second-step target of doubling the gross national product again by the end of this century, we will lay a sound foundation for basically accomplishing the modernization program and meeting the third-step target by the middle of the next century. At that time, the superiority of the socialist system will be brought into fuller play. To achieve this

great goal of ours, we need the unremitting hard work of several generations. The present generation of cadres, especially young and middle-aged cadres under 50, are a generation which will live in two centuries. They are living and working in a critical period of construction and development in China's socialist modernization program and shouldering the historical responsibilities of inheriting the past and ushering in the future, carrying on the unfinished tasks and forging ahead into the days to come. They are also undergoing the test to qualify as members of a ruling party as well as the tests of reform and opening to the outside world. Their quality and whether they can withstand these tests, competently meet the needs of the party work, and make correct judgments about the changing international situation amount to questions concerning the success or failure of our country's modernization program, the prosperity and decline, rise and fall of our party and state, and the fate of socialism in China. Going all out to improve the quality of the vast number of cadres has, therefore, become an exceptionally important and striking strategic task facing the whole party.

What should we grasp in order to improve the cadres' quality? Many tasks could be set forth from different angles. But the most important one is to raise the theoretical accomplishment of the vast number of cadres, leading cadres in particular, with regard to Marxism-Leninism-Mao Zedong Thought. This is also a principal task of party schools. Only when the cadres have truly achieved a fairly high level of accomplishment in Marxist theory can they firmly grasp the general trend of development in the present world, adhere steadfastly to socialist orientation and communist ideals, have the future in view, base themselves on the present, enhance their awareness of fulfilling historical responsibilities, and firmly and correctly implement the party's basic line. Only thus can they serve the people wholeheartedly, remain corruption-free in performing their official duties, diligently carry out their work in the interests of the people, refrain from making empty talks, do more practical work, and, in the course of construction and reform, go all out to advance, make contributions, and perform meritorious deeds. Only thus can they take the overall interests into account, safeguard the party's solidarity and unification, and lead the broad masses to forge ahead together. Only thus can they fully understand the situation, deal with contradictions successfully, handle the situation with ease, and stand the tests of any storms in the intricate and complicated environment. With such a cadre contingent, our party will promise high hopes of further prospering and developing, and there will be high hopes for us to achieve our strategic goal and build China into a rich, strong, democratic, and civilized socialist modern country. Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has repeatedly pointed out to the cadres in the whole party the need to study Marxist theory. Comrade Chen Yun has stressed that by studying Marxist philosophy, one will be benefited all his life. This accounts for the purpose and significance of the

party Central Committee's stipulation that leading cadres at all levels should come to party schools to study on a rotating basis, and that reserve cadres should receive training in party schools.

I said in my speech on the occasion of the 40th anniversary of the founding of the People's Republic: "We must resolutely change the situation in which many leading cadres are bogged down in everyday matters, have slackened their theoretical study, and pay no attention to ideological and political tendencies. Real, earnest efforts should be made to raise the theoretical level and political sharpness of comrades in the whole party." This is a demand that the party Central Committee has solemnly put forth in accordance with the party's arduous tasks during the new period and after a serious analysis of the cadres' theoretical competence and the current state of their study and training. Comrade Xiaoping has intensively pointed out that the biggest error in the past 10 years was in education—the slackening of ideological and political education. I understand that this includes the slackening of cadres' education in Marxist theory. During the past year, the whole party has made a serious effort to correct this error after reviewing the past and analyzing the lessons learned from last year's political disturbance in our country and the changes in the situation of East Europe. The atmosphere of cadres studying the Marxist theory, especially philosophy, has gradually become intense, and there has been a change in the past situation in which it was rather difficult to send leading cadres to study in party schools. This is a good phenomenon. However, it must be pointed out that even today a small number of leading cadres are still not paying sufficient attention to studying Marxist theory. They have little interest in this and regard it as an optional "soft task." When arrangements are made for them to go to party schools to study, they always refuse to do so on the excuse that "they are indispensable to their work." It seems to me that if the work is properly arranged, nobody is absolutely indispensable. The crux of the matter is the need to enhance their understanding of the necessity and importance of studying Marxist theory. Once the question of such understanding is solved, a more intense atmosphere for studying Marxist theory will appear in the whole party. Only thus can the party schools' rotational-training and other training plans be carried out in a down-to-earth way.

Building socialism with Chinese characteristics requires not only a large number of cadres loyal to Marxism for managing our party, state, and Army, but also a large number of backbone theoretical workers loyal to Marxism. Marxism is a well-organized, comprehensive scientific ideological system, and it is always an action guide for our party, our working class, and our laboring masses to understand and transform the world. During the last 100 years and more, no theories or doctrines have maintained their vitalities as Marxism has, nor have they played the kind of tremendous role in propelling social progress or produced the kind of far-reaching influence as Marxism has. Despite the numerous new

changes in the current world situation, the general trend of the development of history has not gone beyond the basic principles brought to light by the authors of Marxist classics. This is why we Chinese communists uphold Marxism, are loyal to it, and firmly oppose the arguments that "Marxism is out-dated" and that "Marxism is only a school of thought," and this is why we are against all kinds of erroneous words and deeds of negating the basic tenets of Marxism under the cover of making "development" and "creation." At the same time, we Chinese communists have never viewed Marxism as a dogma that remains unchanged forever. Marxism is a science of development. It holds that nature, society, and human mind are always in the process of constant movement, change, and development. It does not recognize the existence of any ultimate state and any ultimate truth in the world. This, therefore, requires us to integrate basic Marxist principles closely with the reality of socialist modernization, reform, and opening to the outside world and with the new developments and changes of our times and the world situation, and this requires us to enrich and develop Marxism in the course of upholding it. In the past 11 years, our party has, precisely, adopted this kind of correct attitude by constantly summing up practical experience, putting forward the theory of building socialism with Chinese characteristics, and upholding and developing Marxism. We should realize that the state of our construction of Marxist theory still cannot keep abreast of our on-going construction and reform, and it is necessary for us to emancipate our minds, seek truth from facts, continue to earnestly sum up practical experience, and constantly explore and solve new questions. In this regard, the broad masses of Marxist theoretical workers are shouldering an important responsibility, and they also need to work hard to improve themselves.

In short, we must orient ourselves toward modernization, the world, and the future. We must fully understand, from the strategic plane of upholding the party's leadership and the socialist road, of ensuring the accomplishment of the party's general goal and tasks, and of successfully frustrating the attempt of the hostile forces to bring about peaceful evolution, the importance of strengthening the cadres' theoretical study of Marxism and of arming them with Marxism, and understand the importance of upholding and developing Marxism. Undoubtedly, as an important front for training the party's leading cadres, organizing and cultivating a contingent of Marxist theorists, and learning, studying, upholding, and developing Marxism-Leninism-Mao Zedong Thought, and as a furnace for tempering the cadres to enhance their party spirit, party school should and can do a lot. **2. Party school must implement the guiding principle of integrating theory with reality, and give prominence to education in party spirit.**

Comrade Mao Zedong said: "It is necessary to master Marxist theory and apply it, master it for the sole purpose of applying it." This is the basic attitude to approach Marxism correctly. In studying Marxism,

instead of trying to memorize several phrases, we must take a Marxist stand and employ Marxist viewpoints and method to solve the practical problems in China's revolution and construction. Proceeding in all cases from reality, seeking truth from facts, and integrating theory with reality are our party's fine traditions and ideological line, and they are also the guiding principles of education of our party school. In 1941, Comrade Mao Zedong made "Seek Truth from Facts, Refrain from Empty Talk" the code of the Central Party School during the Yanan Period. In addition, he specifically stipulated: "With regard to the education of in-service cadres and education conducted in cadres school, we should establish the principle of centering on the study of the practical issues of the Chinese revolution and using the basic tenets of Marxism-Leninism as guide, and we should abandon the method of studying Marxism-Leninism statically and in isolation." By these words, Comrade Mao Zedong pointed out that party school must uphold the integration of theory with reality in teaching. In the fifties, the principles of teaching drawn up for party school under Comrade Liu Shaoqi's leadership and with the approval of the Political Bureau of the CPC Central Committee were: "Study Theory, Integrate it with Reality, Raise Understanding, and Enhance Party Spirit." In the last 11 years, Comrades Deng Xiaoping has also repeatedly stressed that under the new historical conditions, it is necessary to seek truth from facts and integrate theory with reality. The party school must always implement this principle in its education.

The new situation at home and abroad has presented us many new problems, and many new situations have appeared during the confrontations and struggles between proletarian ideology and capitalist ideology, and between Marxist ideological trend and anti-Marxist ideological trend. While educating cadres about Marxism, all party schools must pay attention to the actual state of China's socialist modernization, reform, and openness, as well as the contemporary socialist movement and international communist movement. Guided by Marxism, they should earnestly study and resolve the major issues which the vast number of students are concerned with so that their education will have "specific targets" and become more relevant, scientific, and militant. Efforts must be directed toward helping students distinguish correct and wrong ideologies and theories, clarify misconceptions, reaffirm their communist conviction and their determination and faith in taking the socialist course, and become more capable of resisting ideas of bourgeois liberalization and various erroneous ideological trends.

Leading cadres at various levels are the main targets of party school education. In accordance with the requirements set by the new situation and missions and the principle of linking theory with reality, party schools, especially the Central Party School and all provincial, regional, and municipal party schools, must use their training courses to guide and assist cadres to improve their quality in the following five areas: First, they

should have basic knowledge in Marxist theory needed for performing their duties, and they must understand China's situation, pay attention to linking theory with reality, and strive to uphold Marxism-Leninism-Mao Zedong Thought. Second, they should uphold their proletarian stand, correctly carry out the party's basic lines, consciously uphold the four cardinal principles and the reform and open policy, go against bourgeois liberalization, and be able to withstand the test of being members of the ruling party and the test of reform and openness so that they will not lose their bearing under the complex situation at home and abroad. Third, they should firmly and unswervingly march along the road of building socialism with Chinese characteristics, have the confidence and determination to create a new situation, and have the courage and ability to fight indomitably for achieving the strategic goals set by the party Central Committee. They should remain humble when they win, not to be discouraged by defeat, continue to proceed despite difficulty, and not to be intimidated by danger. Fourth, they should serve the people wholeheartedly, maintain close ties with the masses, follow the mass line, carry forward the fine party tradition of carrying out arduous struggle, be unmoved by all types of worldly pleasures, and refuse to be corrupted. Fifth, they should uphold the principles for democratic centralism, be broadminded, be aware of the whole situation, be good at uniting and working with comrades—specially those holding different views—and have leadership and organizing capabilities.

To do a good job in running party schools and training cadres, party schools must pay great attention to helping students heighten their party spirit and regard education on party spirit as a compulsory course. The tempering of the students' party spirit must be closely integrated with the study of Marxism and with party schools' daily routines, and the tempering of party spirit must run through the entire school education so that party schools at all levels can really become crucibles for tempering students' party spirit. This is another requirement of integrating theory with practice. To heighten the students' awareness of party spirit, we can take advantage of the experiences gained from the Yanan Rectification Movement and other experiences gained by the Central Party School and local party schools. We should earnestly sum up these experiences and come up with a set of effective rules and methods that can keep pace with the needs of the new situation. Party schools must closely integrate their theoretical education with efforts to intensify ideological and political work among the students, properly lead the party's organizational life, and regularly and earnestly conduct criticism and self-criticism. If, after studying at party schools, our party members—cadres not only have become more knowledgeable in Marxist theory but also have stronger party spirit and heightened their theoretical proficiency, then our party schools must have operated distinctively, successfully, and effectively. **3. Party committees at all levels must step up leadership over party school work.**

Whether or not we are able to run party schools well and bring into play their proper role in the education of party cadres, in ideological and theoretical construction as a whole, and in socialist modernization is decided, to a large extent, by whether party committees at all levels will step up leadership and provide the necessary support. Party committees at all levels must approach the importance and functions of party schools from a strategic high plane, genuinely regard party schools as important working departments, and an important and irreplaceable position for the party committees to grasp party building and the building of cadre contingent, and conscientiously place them under their direct charge.

Party committees at all levels should place party school work high on their agenda, help party schools study and solve their major problems on a timely basis, and, particularly, steer them in such a way that they will firmly follow the correct orientation in running themselves and uphold the correct principles of teaching. Responsible comrades of party committees should go to party schools to give lectures, attend forums, take part in discussions on major issues, and help them improve the quality of instruction. It is necessary to strengthen the leading bodies of party schools and the ranks of teachers and assign cadres who are versed in Marxism, have rich work experience, and are loyal to the party cause to reinforce the leading bodies of party schools and the ranks of teachers and researchers. Party committees and government should do their best to help party schools improve their facilities and provide them the needed human, material, and financial resources. To bring into better play the role of party schools as a whole, party schools at all levels must, while subjecting themselves to the leadership of party committees at the corresponding level, enhance a relationship of vocational guidance with party schools at central, provincial, prefectural (city), and county levels and improve party schools vocationally.

Our party always takes seriously the role of party schools in party building and that of party leadership in revolution and construction, as it does leadership over party schools. Our party schools were born during the years of the revolutionary war when flames of battle were raging everywhere and grew up in the years of revolution and construction. Thanks to the leadership and the great attention paid by the party to party schools, party school education played a positive role and yielded great contributions during the years when the CPC led the Chinese nation to resist the Japanese aggressors and fight for its national independence and liberation, when it united people throughout the nation to build a democratic and prosperous China in the liberation war, and when it led the people to carry out socialist construction. Their role and contributions are manifested mainly by education that enables leading cadres at all levels to learn to how to apply, in line with the principle of linking theory with practice, the basic principles of Marxism, integrate them with actual conditions of Chinese revolution and construction, approach and solve practical problems with

the correct viewpoint and approach, and constantly advance our cause. During the Yunnan Rectification, the party Central Committee, with the support of the party school, assembled large numbers of cadres to study materialism and dialectics, sum up historical experience, rectify the "three ill winds," and help the vast number of cadres to raise and unify their understanding. It enabled our party to make a big stride in integrating the universal truth of Marxism with the concrete practice of Chinese revolution and lay a solid ideological foundation for defeating the Japanese imperialists and establishing a New China. Around the Third Plenary Session of the 11th CPC Central Committee, under the direct support and guidance of the Central Committee and Comrade Deng Xiaoping, party schools vigorously carried out discussions on practice being the sole criterion for testing truth. This great discussion played a pivotal role in emancipating the minds of the whole party and the whole nation, straightening out the ideological line, redressing the mistakes of the past, and effecting a shift in the emphasis of our work. This discussion represents another big stride by our party in applying the universal truth of Marxism to solve problems arising from building socialism with Chinese characteristics. At present, the party and state are in a crucial stage of historical development. From the high plane of strengthening party building, upholding the party's basic line, achieving its strategic plans, resisting the conspiracy of peaceful evolution by hostile forces at home and abroad, and ensuring a lengthy and peaceful rule of the state, the party Central Committee is demanding that party committees at all levels earnestly enhance their leadership over party school education and bring their role into greater play. It is obvious that this demand is of tremendous and profound significance. Party committees at all levels must fully pay attention to it, and truly assume the duty of leading party schools.

Our party schools are in a new stage of development. The whole party is concentrating on bringing about a new situation in party building; this sets greater demands on the work of party schools and also provides a new motivating force for running party schools well. The 80,000 cadres, faculty members, and employees of the 3,000 party schools throughout the nation should have a clearer understanding of the situation and their tasks, enhance their sense of responsibility and mission, earnestly sum up experiences, and do their work even better. I am convinced that under the leadership of party committees at all levels and with the efforts of the comrades of party schools and the support and help of various quarters, a new aspect will certainly occur in our party school building, and a new step will be made in our party school education, and that our party schools will score new achievements and play a still greater role in the course of socialist modernization, reform, opening up, and strengthening our party building. I wish this forum complete success.

Song Ping Gives Guidelines on Village Committees

OW1208052590 Beijing XINHUA Domestic Service
in Chinese 1410 GMT 8 Aug 90

[By RENMIN RIBAO reporter Yang Chuanchun (2799 0278 2504) and XINHUA Reporter Zhang Rongda (1728 2937 1129)]

[Text] Qingdao, 8 Aug (XINHUA)—Song Ping, member of the Standing Committee of the Political Bureau of the CPC Central Committee, made an important speech today at a national meeting on the construction of village committees, on further improving and strengthening the party's leadership over rural work, and on improving construction of village committees. He pointed out: In the final analysis, the crux of current work related to peasants and the countryside is that the party, in accordance with the requirements of the basic line in the new period, must strengthen rural committees with party branches at their core; educate, guide, unite, and organize peasants; constantly promote rural productive forces; develop the rural economy; firmly follow the socialist road; and bring about the all-around development of rural society.

The meeting, held in Laixi County, Shandong Province, was approved by the CPC Central Committee and jointly sponsored by the CPC Central Committee's Organization Department, the Policy Research Office of the Central Committee, the Ministry of Civil Affairs, the Communist Youth League, and the All-China Women's Federation. Officials of relevant departments including Cui Naifu, Zhao Zongnai, Song Defu, Zheng Keyang, Lian Yin, Huang Qizao, and Liu Qibao attended the meeting. Also on hand were leaders of the 30 provinces, autonomous regions, and municipalities, officials of the five departments in various localities, and some comrades of the grassroots level, 216 in all. They happily gathered under the same roof to discuss matters of vital importance related to construction of village committees.

At the meeting, 18 units introduced their advanced experience. The experience of Laixi County, which has strengthened village committees by emphasizing the key role of party branches; the Jiujianpeng party branch, which led the masses to eliminate poverty and prosper through plain living and hard work; and Hunan Province, which has carried out education on socialist ideas throughout the countryside, evoked strong responses.

Song Ping pointed out: The problems of the peasants remain the fundamental problem of the Chinese revolution and construction. The success or failure of our cause hinges on whether or not we are able to draw and organize the broad masses of the peasants around us and bring their enthusiasm and creativity into maximum play in the struggle to realize the party's political line and defend their vital interests. In building socialism in China, we must never forget this fundamental characteristic. Agriculture is the foundation of our national

economy; it is also the foundation of socialist modernization. In developing agriculture, it is fundamentally important to turn the party's line, principles, and policies into conscientious action on the part of the 800 million peasants so as to constantly advance rural construction and reform. Grassroots rural committees shoulder glorious yet tremendous responsibility in this regard. The people's democratic dictatorship under the leadership of the working class and, founded on the worker-peasant alliance is the political guarantee of socialist modernization. The foundation of our socialist political power lies at the grass roots. It is because of the effective work done by grass-roots committees among the masses that we are able to implement work in all areas. If work in grass-roots units is improved and if close ties between the party and the 800 million peasants is maintained, national stability and development will prevail and the grand mansion of our country's socialist political power will have a solid foundation and stand rock solid, able to resist all kinds of storms.

Discussing ways and means to strengthen the construction of village committees with party branches at the core, Song Ping said: First and foremost, we must construct competent party branches. Why should party branches be the focus of grass-roots construction? This is because the socialist construction we are carrying out is led by the Communist Party armed with Marxism-Leninism-Mao Zedong Thought and is guaranteed by party organizations. Our party's close ties with peasants and the prestige that the party branches enjoy among peasants have been forged over a long revolutionary struggle and practice of socialist construction. The masses trust and support our party, and will do anything as long as it is led by party branches and initiated by party members. A village is like a "small society." Without strong leadership, it would be difficult to coordinate work in various fields and to handle correctly all kinds of complicated contradictions in the village. This leadership core can be none other than the party branch. Strengthening the construction of party branches has become especially important after the introduction of the household contract responsibility system with remuneration linked to output. A requirement for building new socialist rural areas and a pressing demand of the broad masses of peasants is to construct competent party branches. As Song Ping said: The key to constructing a competent party branch lies in a competent leading body which is capable of increasing the party branch's cohesive power and fighting capacity. The experience of many villages has proven that a competent branch leading body can bring into full play the role of party members and fire the enthusiasm of peasants. In this way, the village can successfully carry out socialist material and spiritual construction or quickly change its appearance even in a village with relatively impoverished natural conditions and that is economically backward. The majority of secretaries of advanced party branches possess the following three qualifications: First, they have noble ideals and strong political consciousness and are resolute and earnest in implementing the party's

line, principles, and policies. Second, they are honest, impartial, and dedicated; they do not seek self interests and are not afraid of personal losses. Third, they have the drive and real talent to lead the masses to become prosperous through hard work. With these three basic qualifications, cadres can unite the entire village population in successfully building socialism.

Song Ping explicitly pointed out: Party branches should regard mobilizing and organizing the masses as the central task in advancing rural reform, developing commodity production, strengthening the rural economy, and taking the road of common prosperity. At present, efforts should be made to stabilize the household contract responsibility system and, on the basis of this system, actively develop and perfect the dual layer management system, thereby organically integrating the enthusiasm of peasant household management with the superiority of collective management. It is essential to attach importance to developing the collective economy, proceeding from reality in all things, and ensuring that things are done in the order of the masses' demands and within the limits of our capabilities. At present, villages without a solid foundation for a collective economy should pay particular attention to making a good start and selecting the suitable road for gradually developing a collective economy. In the process of developing a collective economy, it is necessary to guard against a rash move of "egalitarianism and indiscriminate transfer of resources," and returning to eating from the same big pot [gui da dui 2981 1129 1018]. It is also necessary to avoid seeking quick results. In villages at a certain level of development of a collective economy, efforts should be made to accelerate supervision and improve quality so that the dual layer management system can gradually develop from a lower to higher level. Song Ping said: While strengthening grass-roots construction in rural areas, it is also necessary gradually to perfect township and village cooperative economic organizations, giving prominence to their function of serving the peasants and bringing into full play the role of comprehensive or special services. There are abundant labor forces in Chinese rural areas. To make ample use of this advantage is a major task of strategic importance. By increasing labor accumulation we will be able to give a strong impetus to agricultural production. Rural villages have great potential in this aspect. Surplus labor forces should be organized to build irrigation projects, improve farmland, plant trees, repair bridges, and build roads to improve production and living conditions.

Speaking on the issue of villagers' self-government, Song Ping pointed out: It is necessary gradually to set up and improve village committees under the leadership of party organizations in accordance with the "Organic Law of Village Committees (for Trial Implementation)" to promote democratic and political institutions in rural grass-roots units. Making full use of villagers' self-government is conducive to ensuring party leadership and enabling the peasants to become masters of their own home. Villagers' self-government means villagers'

managing their own affairs according to law. It means villagers' self-management, self-education, and self-service. Our villagers' self-government is a form of socialist democracy. It is self-government under party leadership. A party branch must strengthen its leadership over the work of village committees, summarize their experience, support and help villagers elect, after a full exchange of views, a trustworthy leading body and, in particular, a good chairman to be in charge of the village committee. A party branch must support and help villagers successfully elect their representatives and bring into play their role in managing village affairs, deciding on major village affairs, and supervising cadres. While working to set up and improve village committees, efforts should also be made to set up and improve village groups and make them a bridge between village committees and village households.

On the issue of carrying out socialist spiritual construction in rural areas, Song Ping said: An important task of grass-roots organizations in rural areas is to conduct socialist ideological education among peasants and carry out the construction of socialist spiritual civilization while promoting the development of socialist material civilization. We must firmly guide the peasants to advance without interruption along the socialist road, use all means to educate them vigorously in socialism, patriotism, and collectivism, and always unwaveringly use socialist ideology and a healthy, progressive cultural life to occupy ideological positions in the countryside.

Song Ping pointed out: Peasant and rural work in the new situation is different from the past. To succeed in our work, we must strive to build a new rural work structure suited to the new situation. At the grass-roots level, it means that under party leadership, party organizations should be the nucleus; the villages' committees and village cooperative economic organizations should be the pillars; the Communist Youth League [CYL] organizations should be the assistants; and the women's and militia organizations should cooperate closely with each other to build a new socialist countryside. They should do so by educating, guiding, uniting, and organizing the peasants to develop the economy and advance along the road of getting rich together. The CYL branch and the women's congress are bridges between the party and government and the vast numbers of youths and women in the countryside. Party organizations should show concern for them and support and help them vigorously carry out their activities, particularly in training and promoting cadres, raising their work standards, and creating the necessary conditions for doing their work. They should help them bring into full play their role in building socialist material and spiritual civilization in the countryside.

Song Ping stressed: Strengthening the leadership of party committees over rural work is the key to its success. We must firmly foster an outlook oriented toward the countryside and toward grass-roots units, and serve the people and grass-roots units with all sincerity.

Song Ping concluded: In the final analysis, strengthening the building of village organizations hinges on improving the standards of our cadres. We must successfully select as well as train and educate the cadres. We basically have established a system of party schools which should play their role and train cadres according to plan, particularly cadres over the ages of 20 and 30. The vast numbers of grass-roots cadres in the countryside work at the front line all year round. They live among the peasants, shoulder arduous tasks, face many difficulties, and bear hardships. Party and government leaders at all levels and relevant departments, particular those at the county and township levels, should show concern for them, cherish them, do more to help them resolve their difficulties, and assist them in their growth and progress.

Fang Lizhi Interviewed on U.S. Embassy Stay

*HK1008150190 Hong Kong PAI HSING in Chinese
No 221, 1 Aug 90 pp 3-7*

[Article by Lu Keng (7120 6972): "An Interview With Fang Lizhi on His Life as a Refugee in the Embassy by Telephone From San Francisco on 19 July 1990"]

[Text]

Contact and Dialogue Prior to Interview

On 16 July, I received from the married couple Fang Lizhi and Li Shuxian a letter dated 20 June, three days before they left the U.S. Embassy in Beijing, China, in reply to my letter to them mailed to PAI HSING on 3 June. The letter bears the words "Amitabha Buddha" and I promptly mailed it to Great Master Hsing-yun on Fokuang Shan for his enjoyment.

On that very day, I read Mr. Lin Hsing-chih's short political and economic commentary, "The Refurbished Version of the Fiction That While the Goddess Has an Intention, King Xiang Does Not Dream of Her," in the 9 July issue of the HONG KONG ECONOMIC JOURNAL, which criticizes Professor Fang Lizhi. I thought that this article was worth Fang's reading. I therefore wrote a letter and sent it to him in Cambridge by express mail, together with an article by my old friend Chang Wen-ta titled, "Promise and Then Deny in Succession" (in a 13 July HONG KONG ECONOMIC JOURNAL column). In the letter, I said that the article on the "Goddess" criticizes him and that I am deeply aware that Shan-mu [Lin Shan-mu is his real name while Lin Hsing-chih is a pseudonym] is impartial in his attitude and honest in his words, and is by no means one of those who tries to please the public with claptrap. I therefore sent him photocopies of the original documents for his consideration.

In this letter, I hoped that Professor Fang Lizhi would respond to Mr. Lin Hsing-chih's criticism and I also put forth four questions which I asked him to answer for the readers of PAI HSING.

The second day after the letter was sent, I obtained Fang Lizhi's telephone number and fax number in Cambridge and sent the original letter and the other articles to him again by fax. Several hours later, I received a phone call from Fang in Cambridge. He told me: "I have read the articles you faxed me. You asked me to respond but I really have no time. Some questions are left to historians to appraise. Nevertheless, Mr. Lin said that I am not a great man but a common person. This is completely correct. I completely agree."

Since Professor Fang Lizhi has no time to write, I proposed an interview over the telephone and he immediately agreed. When I asked about his two sons, he told me that Fang Zhezhen was studying English diligently and Fang Ke returned to the United States today (18 July). I gave Fang Ke a telephone call that night.

The following is a record of the interview via transoceanic telephone on 19 July. Lu: Stands for Lu Keng; Fang: Stands for Fang Lizhi.

The Saga of Taking Refuge in the U.S. Embassy in China

Lu: I want to ask you a question first. On which day in June last year did you enter the U.S. Embassy in China?

Fang: To be exact, it was late at night on 5 June.

Lu: There is a version that says that the CPC intentionally let you go to the U.S. Embassy because on the one hand, they could take this opportunity to slander you and, on the other hand, could have a card in their hands. I do not believe this version because the CPC was described as too wise.

Fang: That was surely not the fact. A simple proof is that the CPC basically did not know which house of the U.S. Embassy we were staying in. If they intentionally let us in, they could see it.

Lu: Professor Perry Link said that he accompanied you to the Great Wall Hotel. Is it true?

Fang: What he said was the fact of the afternoon of 5 June. That was a fact. At that time, he accompanied me and my wife to the U.S. Embassy merely to escape the guns (shooting) and the embassy greatly welcomed us. They said that the secret could not possibly be kept. I thought that if the secret could not be kept, the issue would be more complicated. We left at 5 or 6 o'clock in the afternoon. After we left, we had dinner together at that...

Lu: The Great Wall Hotel?

Fang: Not the Great Wall, but the Jinlun. After dinner, Perry Link went home and he still had children in the Friendship Guest House.

Lu: What about you?

Fang: We then stayed in the Jinlun Hotel. At that time, a foreign reporter, who is our friend, had just left and let us stay in his room.

Lu: How come you went to the U.S. Embassy?

Fang: Late at night on 5 June, two officials of the U.S. Embassy, one of whom was the charge d'affaires, the highest rank at that time, said that they came to welcome us on behalf of their government and that as we are President Bush's guests, welcomed us to stay at the embassy. If circumstances made it necessary, we could stay as long as we pleased.

Lu: Quite obviously, this was the result after they had asked for instructions from Washington.

Fang: I think so.

Lu: There was another version—that your friends told you that the CPC would most probably engineer a traffic accident and they advised you to avoid it. Many of your friends hoped that you would avoid it, didn't they?

Fang: Yes. As to the traffic accident version, I heard it from parties concerned. Indeed, many of our friends, including friends who are CPC members, advised us to avoid it. Some of them are very reliable.

Secluded Life in the U.S. Embassy in China

Lu: SHIH-CHIEH JIH-PAO of the United States published a picture of the place in the U.S. Embassy in Beijing where Fang Lizhi and his wife stayed over the past year. This picture was originally carried in the YUAN-CHIEN TSA-CHIH. It appeared that you stayed in a tunnel?

Fang: That was drawn from their imagination. That was not the actual situation. That was not a photo. I have today sent you two photos.

Lu: Where to?

Fang: To PAI HSING. Those were taken in the embassy; one is the room we stayed in and one is the kitchen.

Lu: Are both of you in the photos?

Fang: Both of us are in them. After receiving your fax, I know that PAI HSING needs photos. We have very few photos taken in Cambridge, and they were all taken by the media. Some of those photos were taken with other people, who may not want to be shown. We have, therefore, sent only two photos of our life in the U.S. Embassy, which have never been published.

Lu: Thanks! Thanks! The international media said that James Lilley, U.S. ambassador to China, played a very big role after you two left the U.S. Embassy, didn't they?

Fang: Correct, I feel so myself.

Lu: Can you tell me what your personal impression of Ambassador James Lilley is?

Fang: My impression is very good. Later, we become very good friends. Moreover, where we stayed was very near where he stayed, and we therefore saw a lot of each other. We also saw his children and our relations were very good.

Lu: How many children does he have?

Fang: He has three boys. Some regularly stayed in the embassy.

Lu: It was said, wasn't it, that in the beginning, only Ambassador James Lilley could have contact with you?

Fang: It was so.

Lu: I think it was impossible to trouble the ambassador for daily necessities, such as tissues, toothpaste, and soap. Did someone have to take them to you?

Fang: There were, however, some restrictions. Only very few people knew where we were staying.

Lu: That is to say that in addition to the ambassador, some other people in the embassy had contact with you, didn't they?

Fang: The people who saw us in the past year or more numbered less than 10. Only two people regularly had contact with us.

Lu: It is said that it was not possible to see the sun where you stayed; is that so?

Fang: At that time, so as not to allow the CPC to know where we stayed, curtains were hung outside the place we stayed and very thick planks were nailed on the inside. You could not see light in the rooms from outside during the day or at night.

Lu: That was really mysterious sealing up. In other words, wasn't there a feared that the CPC would come to grab you? It was because, some of our friends said in Paris, some people in the CPC, like Wang Zhen, are overbearing and ignorant and can do anything.

Fang: It was so. At that time, the CPC did not know where we were staying, at least, did not know where we were staying for a fairly long time. They did not even know which building we were staying in.

Lu: Did you live a regular life every day?

Fang: Very regular. We got up and went to bed regularly. We also had our meals regularly. A nurse regularly sent meals to us. We asked her to buy us Chinese food and she bought it for us.

Although the place where we stayed was sealed up, it was not small. There was a bedroom, a kitchen, a bathroom, and a work room.

Lu: That was not bad. Can you tell me about the general situation in your life?

Fang: I got up at seven o'clock in the morning, washed my face, had my breakfast, and then did research or read books, newspapers, and journals.

Lu: Did your wife prepare the meals?

Fang: I did also, in rotation. In fact, preparing a meal is like conducting an experiment in physics. We had a microwave oven, very handy, and did not have to spend too much time. We worked out various sorts of programs for preparing meals.

Lu: Very interesting. This is news to me. What were you good at, from Li Shuxian's angle?

Fang: She felt that I did better than fried noodles, at which she is good. I invented a program for frying noodles with a microwave oven.

Lu: Then, "Fang Lizhi's fried noodles" can be compared favorably with "Deng Xiaoping's dumplings."

(Note: When Deng Zhifang was leaving Beijing for the United States for advanced study, all the members of Deng's family sat together to have a chat. They talked about one thing: What would he do if his expenses for his studies became a problem? Deng Xiaoping's stepmother said wittily in the presence of Deng Xiaoping and Zhuolin: "There is nothing to be afraid of. At that time, you can set up a stall to sell 'Deng Xiaoping dumplings,' and business will surely be good!" This made the whole room roar with laughter.)

Fang: Patent! Patent! (laughter)

Lu: What dishes is your wife good at?

Fang: She can prepare more dishes than I. The nurse who sent things to us later came to learn from her how to prepare one dish each day.

Lu: Very interesting. Did you exercise?

Fang: I did not in the beginning. Later, there was an indoor exercise bicycle. I rode it often.

Lu: What about entertainment?

Fang: As to entertainment, we could watch television, listen to music, and read novels.

Lu: That was not bad. Did you ever attend any parties at the U.S. Embassy in the past year or so?

Fang: Absolutely not.

Lu: You told me that you had been in correspondence with people of various quarters in the past year or more when you lived in seclusion. How many people were in correspondence with you and your wife?

Fang: Some 200 people.

Lu: How many of them were of press circles?

Fang: Only you. We tried to avoid correspondence with people of press circles as much as possible. Oh, NBC made an appointment with me for Tom Brokaw.

Lu: Were you and your wife sick there?

Fang: Very hard to say exactly. She had a toothache.

Lu: That is very annoying. What did you do?

Fang: They had a doctor there who came to see her and cured her of her tooth trouble.

Lu: Not easy. Were you sick?

Fang: Only my heart did not feel well. I had an electrocardiogram and no trouble was found.

Lu: Did this give them an inspiration so that they could tell the CPC that you were sick?

Fang: I think so.

Lu: I have a friend who has contacts with high levels of the CPC. He said that because you did not admit your guilt, a deadlock occurred. The Americans eventually drew their idea from the fact that you felt your heart was not well and worked out a method. They announced that you were sick. This saved the CPC's face so that they could get out of an embarrassing situation.

Fang: O.K.

Adhering to Principle, Regaining Freedom

Lu: In light of the experience of Cardinal Jozsef Mindszenty, we and our friends were worried and did not know when you could come out.

Fang: Do you know what went on behind the story about Jozsef Mindszenty?

Lu: I don't know. I only know that Mindszenty took refuge in the U.S. Embassy in Budapest after an incident occurred in Hungary in 1956 and stayed there for 15 years.

Fang: In fact, six years after Mindszenty took refuge there, the Hungarian Government consented to his leaving, but he himself was unwilling. In the eighth year, he began having a slight mental abnormality and was unwilling to leave. He said that God allowed him to stand fast at his post there. Subsequently, the U.S. Government persuaded him and the Vatican ordered him to come out, and he then came out.

Lu: Thank you for telling me this story. How long would you have to stay there, according to your estimate, after you went into the U.S. Embassy? Not too short a time?

Fang: Not too short. Several years, I estimated.

Lu: With such mental preparation, you would feel at ease. I heard from a friend that in July 1989, Brent Scowcroft and Lawrence Eagleburger went to Beijing and raised the issue of your leaving, but the atmosphere of

the talks with Deng Xiaoping was not relaxed. Later, it was widely rumored that you would be allowed to come out before the Spring Festival this year. The question could not be solved until 25 June. It was said that the key to solving this issue was that the CPC had insisted that you admit your guilt, but you refused to do so. The draft of your statement was changed several times. Can you talk about the setbacks?

Fang: As far as I know, on this issue, the attitude of the CPC changed after Nixon came to China to have talks with Deng Xiaoping. After Nixon came, Brent Scowcroft and Lawrence Eagleburger came the second time. The talks in December last year were comparatively energized, but the issue was not solved. The talks were suspended for some time. Talks were resumed later, and when they were about to solve the issue, the talks progressed very quickly.

I began writing my statement in December last year. My attitude was consistent and I clearly told the parties concerned early on that this was my attitude. As to the small changes in the wording of my statement, I can say that my statement became more accurate. The gist of my statement remained unchanged.

Lu: Your statement was very good. It opposes four adherences, just reflects your knowledge, experience, strength of character, firm attitude, and clear-cut stand, and guarantees that you will do nothing that is disadvantageous to China's progress and does not criticize the CPC. The wording also displays a high degree of political wisdom. Some people think that you admitted your mistakes, but I have never seen it that way.

The last talks, it was learned, were initiated by China, weren't they?

Fang: The talks in December were, in fact, also initiated by China. Of course, the United States also expressed previously its hope of solving this problem at an early date.

How the "Savior" Is Treated

Lu: Some friends say that Bush is your "savior." How do you see it?

Fang: (laughter) I am, of course, grateful to President Bush. In fact, various circles in the United States played a very big part. When I had just arrived in Britain, I wrote a statement, which mentions that I thank the U.S. Government, President Bush, and Ambassador Lilley and my friends in the embassy. The Americans have never regarded their president as an emperor, and the taxpayers are the masters of the United States. I have received information from a taxpayer of the United States and he said: "This thing that President Bush did has made taxpayers rejoice, and we are willing to pay our taxes this year." Of course, Bush has very great hospitality, but it was not the only factor. When a democratic country does things, it has its traditions. He should do

things this way and he does things for the common people. I myself am, of course, grateful.

Lu: As far as Bush is concerned, in your opinion, what else should he do on the issue of China?

Fang: Since the publication of the Helsinki Accord, they [the United States] has had fairly good experience in improving human rights in the Soviet Union. I think they know what they should do to improve human rights in China in the future.

Lu: Will the state of human rights in China be better in the future, due to external pressure?

Fang: I think so. China cannot cast off the great trend, which is the "major climate," as Deng Xiaoping calls it. It cannot depart from the major climate. If the world has a "greenhouse effect," can you, China, alone remain aloof from the affair?

Lu: Why was your speech so short when meeting reporters at the Royal College after you arrived in Britain?

Meeting Reporters and Giving Them an Interview

Fang: It was because it is a Royal College, an academic place, and because they invited me to formally meet the president of the Royal College, a very formal courtesy call, and it was inadvisable for a presumptuous guest to usurp the host's role and talk too much. I said clearly that I would not answer the reporters' questions. Later, Hong Kong reporters asked me to say several words in the Beijing dialect and I did.

Lu: I think you did so just because you considered that Fang Zhe was still in Beijing at the time?

Fang: No, of course not.

Lu: Which of the media was first to approach you?

Fang: The British Government hoped that I would hold a press conference, but I felt it was not appropriate because when I had just come out, I was unfamiliar with the situation and I could not but find it hard to answer the reporters' multifarious questions. I therefore said that I had better put the press conference off for some time.

There was a reason for giving the first interview to NBC (National Broadcasting Company of the United States). Tom Brokaw of NBC and I have known each other for three or four years. Half a year ago, when I was in the U.S. Embassy, he wrote a letter to me. He said: "As soon as you come out, our team will immediately fly there to see you." He counts among my friends and I promised.

Lu: Was the interview by NBC followed by other interviews?

Fang: Yes, British, American...

Lu: I read a report of an interview by Chang Tso-chin, a Chinese reporter, in SHIH-CHIEH JIH-PAO. Were there any more?

Fang: Yes, you and Li Yi. I do not now know whether there will be any more or not.

Sharing One or Two Strongly Satirical Stories

Lu: Three days before you left the U.S. Embassy in Beijing on 20 June, you wrote a letter in reply to my letter, saying: "Although I live in seclusion, I do not feel lonely. There are often interesting things and some of them make people roar with laughter all day long." May I share one or two stories with you today?

Fang: Some stories were laughable when they were heard at that time, but I cannot remember all of them now. For instance, they told me that when a U.S. delegation, whose name I will not give, came to China, their Chinese counterparts received them as hosts and briefed them on the Tiananmen incident, telling them what had happened there and how stable and excellent the situation is now. The interpreter was sent by China. After translating, he added: "Don't believe it. What you were just told are complete lies." This made the Americans laugh, but they found it embarrassing to laugh.

Lu: This reflected the feelings and will of the people and also showed their views on the CPC, because one of the characteristics of the CPC is to tell lies.

Fang: I will tell you another story. In July or August last year, I cannot remember correctly, Teng Teng, vice minister of the State Education Commission, went to see U.S. Ambassador Lilley to lodge a protest against the United States keeping Chinese studying there, and took an extremely uncompromising stand. One hour after the ambassador returned to his official residence, he received a phone call from Teng Teng's secretary, hoping that the ambassador would do Mr. Teng Teng a favor by issuing her a visa to the United States.

Lu: That was simply a shame. The present Chinese situation is so worrying and mainland China cannot remain aloof from the world trend. You estimate that there will be a big change in 10 years. Will you talk about the basis for your belief?

Fang: You also make the same mistake that I do—optimism (Note: As Lu Keng claims to be "an incurable optimist," Fang Lizhi therefore says this.) If we are not optimistic, we shall live without enthusiasm. As far as I am concerned, I am partly optimistic and partly mainly observing and analyzing the situation and China's present development. Those in authority among the older generation will definitely come to an end in 10 years. I want to add a little bit, that China cannot remain aloof from the world trend and world developments draw closer and mutual influence becomes deeper. For instance, the economic sanctions against China this time are, of course, temporary, but the economic sanctions have produced results. It won't work if one wants to

isolate oneself and it also won't work if others want to isolate someone. They must follow the world trend.

Lu: It seems that your view on economic sanctions is not absolute. Correct?

Fang: Correct. I hope that two aspects must be taken into consideration. One is that China should not be isolated and the other is human rights.

How Should the Democratic Movement Abroad Be Carried Out?

Lu: You have said that you are most willing to help those embarking on the democratic movement to obtain freedom. Where will you start this work?

Fang: What I can now do is, of course, very little. If I am asked what organizations I shall join after coming out, the first is an international organization, The Committee of Concerned Scientists. Many of the scientists who have joined this committee are Nobel Prize winners. It has national sponsors under it and scientists of every country, except China, have acted as national sponsors. They asked me to join and I joined for human rights in China. I maintain that to promote human rights in China, international efforts must be strengthened.

Lu: Has [Yan] Jiaqi had contact with you? I read a report from Paris that he is prepared to meet you. Is he?

Fang: No, I received a letter from them, giving me their regards.

Lu: Some people hope that you will join the Federation for Democracy in China. [Liu] Binyan also said that there is now a candidate for the chairman of the Federation for Democracy in China for the next term of office, because Jiaqi will act as chairman for this term of office only.

Fang: I do not have such a plan now, but I am prepared to do some work to promote human rights.

Lu: Do you know that the China Foundation for Human Rights and Democracy has elected you president?

Fang: I didn't know. They have not formally notified me nor have they informally notified me.

Lu: What if they notify you?

Fang: If they notify me, I must first see what I can do.

Lu: What else are you prepared to do in addition to the promotion of human rights?

Fang: I have not considered other things now. I feel that the issue of human rights is the least disputable, has universal criteria, and is very necessary for China to do now. International efforts in human rights have produced results in the Soviet Union, Eastern Europe, and China. The publication of the Helsinki Accord has especially played a very important part in pushing forward the progress of the Soviet Union and Eastern

Europe, but China has not achieved this. Since this issue does not involve the political system, no matter whether you belong to a communist party or another party, you must guarantee human rights.

Lu: You appraise Solidarity, Poland's independent self-governing trade union, very highly and hold that it is the dominant force for change in the overall situation of Poland. Do you feel that a Solidarity is likely to appear in China?

Fang: I feel it is unlikely. Workers in China still lack the ability to organize.

Lu: On what will mainland China place its hopes for the future?

Fang: Students and intellectuals surely have unshirkable responsibilities.

Lu: Do you think that another democratic movement will occur?

Fang: It will definitely occur. However, we do not know what the situation will be and when it will occur.

Only When the Mainland Heads for Enlightenment Can the Popular Feelings of Hong Kong Be Revived

Lu: You have stated your view that if the ossified policies of the CPC do not change, Hong Kong will have no future after 1997. Correct?

Fang: Many Hong Kong people spoke to me about this.

Lu: I also have such a view.

Fang: Many of my friends say that since 4 June, they have been thinking of emigration and nothing else...

Lu: Do you think there are any remedial measures for such a situation?

Fang: The remedial measures are that the political situation of the mainland must become slightly enlightened at least.

Lu: To give some hope to Hong Kong people?

Fang: Otherwise, it is hard to make people understand if you always hold that 4 June was a great victory and killing people was not a tragedy. People now generally even regard war as a tragedy. Killing people for whatever reason is a tragedy, let alone a massacre.

Lu: Only such ignorant, rude, and unreasonable people made from special material like Wang Zhen have such a state of mind.

The Death of Deng Xiaoping Is a Key

Lu: People are dead. Furthermore, they also admitted that the dead people were innocent, but still hold that it was correct. It is simply inhuman. They should have a bit of human sympathy at least.

Do you regard the death of Deng Xiaoping as a comparatively key issue?

Fang: It is a key issue.

Under a political system such as the CPC's, any change in the leadership will surely change the political situation.

Mainland China Will Change After Deng Xiaoping Dies

Lu: How should the democratic movement abroad be carried out?

Fang: I think they should try to maintain ties with people at home; otherwise, it will not be of much significance. At the same time, they should keep contacts with international organizations for democracy and human rights. It is of no significance to become an isolated Chinese circle.

Lu: It should be so. Yan Jiaqi, Chen Yizi, and Wan Runnan of the Federation for Democracy in China understand this and have also discussed this problem with me. They attended the joint conference in Berlin held by the forums and organizations of several countries of Eastern Europe because they wanted to move the Chinese democratic movement abroad to a higher level.

How long will you stay in Cambridge? What are your future plans?

Fang: Now, I am not sure. I must return home.

Lu: You cannot now, at least?

Fang: Of course, I cannot now. I must stay abroad for a period of time at least. However, I have no permanent plan. Finally, I must return home.

Lu: As far as mainland China is concerned, what is now the most important problem, in your opinion?

Fang: What is most important is that the leaders change their policies. If they adhere to the present policies, China will be in great danger.

Lu: Wouldn't it be difficult to change the policies if several old men of the CPC do not die?

Fang: Very difficult. Nevertheless, there are now some changes. For example, martial law has been lifted and some people who embarked on the democratic movement have been released.

Lu: The latest news is that the children of Deng Xiaoping hope that old Deng will reverse the verdict on 4 June and re-determine the nature of the Tiananmen incident. At the end of last month, we and [Su] Shaozhi stayed together for several days. In his opinion, it is not impossible.

Fang: I think it is fairly difficult. The nature of 4 June was determined by Deng himself. It is almost unknown for the Communist Party to admit its own mistakes. You

can see historically that they will not admit mistakes, however small they may be, not to mention the fact that 4 June was a very big incident.

The Leaders of the CPC Never Admit Their Mistakes

Lu: The verdicts on incidents like the Tiananmen incident on 5 April were finally reversed, weren't they?

Fang: The nature of 5 April was determined by Mao and the verdict was not reversed until after he died.

Lu: In your opinion, we have to place our hopes on the next generation for the reversal of the verdict on 4 June and rely only on natural law to solve this issue.

Fang: We must sometimes rely on natural law. Natural law must sometimes be relied on even in physics. According to Planck's Law in physics, Max Planck, a very famous German physicist and the president of the National Academy of Sciences of Germany, said that a new concept in physics could be recognized only after the older generation has completely died.

Lu: Your original political ideas became an inspiration of the student strike on mainland China. (Fang chips in: I really don't deserve this.) There is now a new situation and a new stage. Have you any new ideas?

Fang: I really don't know very much politically. (Lu interrupted: That is what you told me yesterday and what Mr. Lin Hsing-chih criticized.) I feel that I am in such a state politically because perhaps the most important thing is that I try as much as possible not to tell lies or I tell fewer lies. It is not that I have absolutely not told lies. Sometimes, when I was unwilling to tell lies or told fewer lies, it would make the authorities unhappy. I was gradually became more bogged down.

Lu: You said that you were unwilling to be bogged down too deeply, but you are now unable to extricate yourself?

Fang: Unable to extricate myself. If I am willing to tell a few lies, I can extricate myself.

Lu: Is it worth it?! It appears that you will adhere to the principle that a scientist pursues truth and you will continue to tell the truth.

Fang: Telling no lies is required in scientific training and is not merely a matter of morality.

Embarking on the Road of Democracy of No Return

Lu: Now let us go back to discussion of your personal matters. Did you think that it would be easier if you went to Britain and more complicated if you went to the United States?

Fang: Yes, I thought it was a bit simpler if I went to Britain.

Lu: Why will you go to the United States next spring?

Fang: From the academic angle, the United States is more developed and larger.

Lu: You are a physicist and are regarded by many people as a statesman and the political conscience of China. Does it appear that it difficult to play this role?

Fang: I do not admit that I am a statesman and I am not qualified. I am citing precedent to you: When Israel was founded in 1948, Einstein was asked to be president, but he absolutely declined. I do not have his academic status, but his spirit has greatly influenced me. Einstein talked a lot about politics, but he said he could not act as president.

Lu: Therefore, in the future, you will conduct scientific research on the one hand and devote your efforts to human rights on the other, but avoid matters that are too political in nature.

Fang: I lack the experience and interest in matters of too political a nature.

Lu: The point that you made yesterday is, I feel, very good. Mr. Lin Hsing-chih pointed out that you are not a great man, but a common person, and you completely agree. A fortuitous situation, plus the principle that a scientist is unwilling to tell lies, makes you embark on a road of democracy of no return.

Fang: In light of the viewpoint of physics, many things cannot be defined. I have, therefore, embarked on the road of no return. (Both are laughing at the same time.)

Lu: You mainly want to follow the dictates of your conscience?

Fang: Not run counter to my conscience at least!

Heading for Happiness Through Suffering

Lu: I think that you suffered previously and are now happy.

I know there are various comments about me. Some people said that if it had been done this way, it would have been better, and others said that it did not appear good to do it that way. For example, some said that I need not have gone to the U.S. Embassy, while others said that I should have remained in the embassy. As far as I'm concerned, during that period, I did nothing that weighed on my conscience nor did I harm other people. Perhaps the choice I made was not the best, but this choice was not a negative number at least.

Lu: Beethoven had a well-known saying: "Become happy through suffering." I think this precisely portrays the life of you and your wife. I wish you all the best!

State Land Administration Bureau's New Duties

OW1108050390 Beijing XINHUA Domestic Service
in Chinese 1059 GMT 3 Aug 90

[By reporter Zhao Peng]

[Text] Beijing, 3 Aug (XINHUA)—The "three definitions" plan formulated by the State Land Administration Bureau to define its functions, structure, and size was recently approved for implementation by the State Commission on Organizational Structure [guo jia ji gou bian zhi wei yuan hui 0948 1367 2623 2845 4882 0455 1201 0765 2585].

The plan stipulates that the State Land Administration Bureau is an organ responsible for exercising unified control over all the land throughout the country and over local land administrations. It is the supervisory and law enforcement department of the state administration as well as the agency of state land ownership.

According to the "three definitions" plan, the main functions of the State Land Administration Bureau are as follows: to formulate state land policies and regulations; exercise unified control over land resources, urban and rural land registry and administration; make plans for the use of land resources and the development of land reserves; centrally verify and requisition land for designated construction projects; centrally investigate and handle disputes involving land ownership; and conduct supervision over land matters.

It was learned that as a result of implementing the reform and open door policy, land administration departments have become a major, basic functional department for attracting foreign funds and for promoting national economic development. Land administration has become an important means of readjusting and controlling macroeconomic development. The principles of land administration as defined under the State Land Administration Bureau's "three definitions" plan are in compliance with the nation's basic conditions—little land for a vast population and a shortage of reserve arable land—and are conducive to the basic state policy of preserving land and to the reform and open door policy. In addition, the plan will play an important role in readjusting the production structure, controlling population growth, and effectively protecting cultivated land.

Science & Technology

Article on Development of New Carrier Rocket

HK1208030090 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 30 Jul 90 pp 3-4

["Special article" by Liu Linzong (0491 2651 1350) and Wan Jun (8001 6874): "On-The-Spot Report of the Development of China's First High-Thrust Strap-On (Kun Bang 2190 4834) Carrier Rocket"]

[Text] In November 1988, China's Changcheng Industrial Corporation and the U.S. Hughes Corporation signed a contract on using a new generation of the Chinese "Long March II" strap-on carrier rocket to launch a large telecommunications satellite, which is manufactured by the U.S. Hughes Corporation and

operated by Australia. According to the contract, manufacture of the Long March II strap-on rocket and success of its trial flight should be completed within the prescribed time in 1990. If the trial flight fails, the contract will be null and void.

There are only 18 months from December 1988 to the date of launching.

At this moment, China's available "Long March II" and "Long March III" were only capable of launching medium size satellites. History has entrusted the China Carrier Rocket Technology Research Institute with a brand new and arduous mission: Develop a new generation of "Long March II" high-thrust strap-on carrier rocket within 16 months, deliver it to the launching base, and then use two months to launch the carrier rocket.

The world is watching and so is the country with great expectation.

The China Carrier Rocket Technology Research Institute, which has made great contributions to New China's space industry over the past 30 years or so, designed the "Long March I," "Long March II," and "Long March III" carrier rockets. By April 1990, the institute successfully launched 20 various types of satellites. Under the Ministry of Aeronautics and Astronautics Industry, the institute has six designing institutes, seven research laboratories, six trial-production factories, and four civilian goods and service units, with more than 10,000 technical personnel, of which 190 are research fellows, 3,000 senior engineers, and some 5,000 engineers. It is a scientific research-production entity of considerable scale with a complete set of research, designing, experiment, and production facilities.

Based on the Long March II rocket, the "Long March II" strap-on carrier rocket is larger in size and its propelling power is twice that of the two-stage liquid propellant carrier rocket formed of four liquid booster rockets.

The use of strap-on technology is the only way out to increase the carrier capacity by a wide margin. This is an advanced technology which has reached world levels. So far, only a small number of countries including the United States and the Soviet Union have mastered this technology.

Because of the short period, difficult technology, and strict quality required for the "Long March II" strap-on carrier rocket, the Carrier Rocket Technology Institute was in a desperate position. "We cannot lose face or money in this regard," was a term prevailing in the institute. Whether the rocket representing the world's advanced levels could be smoothly manufactured within 18 months and launched into space was a matter related to China's international image and prestige of its carrier rocket. The pure technological problem had strong political color. Moreover, under the situation of reform and opening up, the development of the carrier rocket had become a commercial activity. The huge loans required were offered by the banks and repayment of high rate of

principal and interest rates totally depended on the income from the launching of satellites. If the launching fails, it would be impossible for us to implement the contract and be difficult for us to get the opportunity again to launch satellites for foreign countries.

I.

For this reason, the institute set up and perfected its administrative command system and technological command system. Minister Lin Zongtang and vice minister Liu Jiyuan of the Aeronautics and Astronautics Industry personally took a hand in laying down and coordinating the plan, exercised direct leadership, ordered goods and materials, and went to the first line of scientific research and production on many occasions to comfort the staff members and keep abreast of the progress of the development. During the spring festival, China's traditional festival, the leaders of the ministry and institute also went to the research and production fields to comfort the workers and technical personnel working on the holidays. On a certain occasion, Tu Shoue, a 70-year-old expert and chief technological advisor of the Ministry of Aeronautics and Astronautics Industry, personally went to the experimental field to calculate and consider the overall design and vibration experiment of the whole rocket. He personally took part in some of the experiments. Wang Yongzhi, head of the institute and chief of the "Long March II" strap-on carrier rocket, chief engineer Wang Dechen, and Yu Longjin, deputy head of the institute in charge of planning and management, personally went to the design and production field and held management meetings to solve major problems. For example, the adjustment of the plan concerning the large rectifier cover was determined by them and the research personnel.

The command and management system was the "headquarters" for directing the manufacturing work. Through repeated study and detailed analysis and judgment, they applied rich experience to set out the focal points and short-term projects. They combined the elementary design with the sample design whose completion originally required two years, adopted one plan, and greatly shortened the period.

As they knew the primary, secondary, importance, and urgency of the entire task, before the difficult and high-standard task was assigned, they informed the unit undertaking the task of making preparations, drawing designs in advance and explicitly stating the production task, and designing while making preparations for technology, thus beating time. Their other bold innovation was: In the course of the design and when the blueprint was not yet presented, they ordered materials and proposed the types and quantity of materials to be ordered in light of their experience over the past 30 years or so.

II.

The task of material supply for the development of the rocket was extremely arduous. The supply of raw materials including every single screw and part for the 460-ton "Long March II" strap-on rocket and the supply of water, electricity, coal, and transportation necessary for production were directly related to the source of goods, delivery, and production of hundreds of factories and units of the electro-mechanical, chemical industry, metallurgy, building materials, energy, and communications departments nationwide.

When the design was still at the initial stage in January 1989, the material department cooperated closely with the design department and presented a detailed list of goods after making a comparison of the raw materials, parts, and stock required in light of their experience. Since a national material coordination conference was already held, the State Material Department held three "special emergency meetings to order goods" in Beijing and Shanghai in the same month. Some 300 manufacturers in 26 provinces and 74 cities undertook the task of manufacturing 2,000 tons of 580,000 space products of various specifications, limited batch, and high quality. The delivery was pressing and the profits were limited. In one and a half days, they signed contracts concerning 5,000 items of which 90 percent of the badly needed materials was ensured. Meanwhile, the energy and communications department also assigned mandatory plans and gave the green light to the supply of goods.

From February to July in the same year, the material supply departments formed a "Long March II strap-on rocket" material pressing group composed of 70 people. In cooperation with the material supply stations of the local space departments and units, the group left for the northeast, north, northwest, and central south in three groups to press the local units for collection and delivery of goods. Jin Yiming, member of the pressing team, shuttled back and forth between Xian, Urumqi, and Karamay for one and half months. In spite of rain, wind, and snow, he alone undertook the task of urging the delivery of nonmetal, paint, chemical, and assembly materials.

Thanks to the concerted efforts of the pressing team and manufacturers, 98 percent of the 2,000 tons of raw materials and spare parts were delivered to Beijing seven months later, saving six months for the manufacturing work.

III.

In the drafting of thousands of designs and tens of thousands of blueprints for the "Long March II" strap-on rocket and in the tackling of over 20 technical problems, the design personnel put in a great deal of energy and painstaking care. There were veteran experts who had given up their comfortable life abroad and plunged themselves into China's space undertaking, a new generation of space experts trained by the republic during the 1950's and 1960's, and also young people who had graduated from schools in the 1980's.

In light of the strap-on technology, four booster rockets are tied to the center (core class) of the large rocket which can work normally under the immense propelling force and be safely and rapidly separated from the booster rockets when the fuel is exhausted.

Zhu Liwen, a middle aged research fellow of the overall design department, and his colleagues established the structural kinetic model of the strap-on rocket in the microcomputer and offered to the U.S. party the satellite design kinetic basis for the connection between the satellite and rocket. At that time, U.S. experts proposed: As China cannot make such a calculation, all data of the carrier rocket should be given to them and then calculated at the cost of \$300,000 to \$2.6 million. However, Wang Dechen, chief engineer of the "Long March II" strap-on rocket, declined. True, the capacity of the microcomputer was limited. The matrix calculation of a core class is 760 exponents and that of a booster is 300 exponents, which simply cannot be put into the microcomputer. After repeated consideration, Zhu Liwen and his colleagues resolutely adopted the "modal synthetic method" to resolve the difficult problem, turning the whole into a sum of several parts. While the scope of high exponents was reduced, the amount of work increased. As there were no programs in for five months, they worked out more than 10,000 programs by themselves and the paper used for the calculation piled up to half the height of a man.

While drafting the large amount of engineering blueprints after tackling the theoretical problem, the design personnel boldly broke through the three-step outdated pattern of modal, first draft, and sample and adopted a new "three in one" design plan. In a hundred days, they completed the designing task which normally would have taken a year or two, drew tens of thousands of blueprints, put the making of the rocket into production, and shortened the period of work.

IV.

The whole rocket contained seven to eight thousand production items which required hundreds of thousands of working procedures. The production of each of the tens of thousands of large and small spare parts of dozens of sections had to undergo technological examination and quality inspection of more than 10 procedures including technique, assembly, design, and production. Some parts of the new rocket were large in size and their rigidity was rare. As the requirements for the varying shapes were special which could not be processed with conventional machine tools, they had to make special tools and tackle key technical problems. In the entire course of producing the "Long March II" strap-on rocket, they rushed in making 5,000 tools and tackled 126 key technical problems.

Regarding the general assembly plant, it had 15 months at most out of the 18 months.

A breakthrough was necessary for the technical problems such as making the satellite cover, plank milling, and

strap-on. However, blueprints could be offered to the factories only in April 1989 and the first test flight had to be carried out by the end of June 1990. Although they tried time and again, the factories could not work out their production plans. Through repeated revision and implementation, they finally worked out a network chart.

Technical inspection is an indispensable procedure for developing a new model. According to usual practice, four to five months are required for the inspection of the structural drawing. Technical inspection of the drawing of new model rocket had to be completed within less than three months. What should be done? The technical personnel with creative spirit boldly adopted the method of parallel intersection operation which greatly shortened the period.

In July 1989, the general assembly plant developed 1,800 techniques and equipment. By March 1990, a huge rocket was presented to the public. These ordinary workers used their clever hands and hard labor to turn out China's most advanced large carrier rocket.

V.

There were more than 250 items to be tested in the large rocket plan. To accomplish the arduous and complicated task, the technical personnel, old and young, of the intensity environment research section pitched into the work. Gu Zhenshan, a 52-year-old research fellow, insisted on working high above the ground. He continued working for 12 hours at the 12-meter high framework, doing experiments in cooperation with the ground. He was the first to ascend the 17-meter high installation support. Chen Qicai, another research fellow, was responsible for several jobs such as operating the overhead travelling crane, driving the oil truck, installation, and welding products. He was always available in places where they were short of hands. In the task of removing the hooks from the products, he, sitting on a handcart, was sent 20 meters high by the overhead travelling crane. He undertook the task of welding the booster spherical head. Because of the long, continued operation and enormous exhaustion of physical and mental labor, some research fellows leaned on their working benches and fell asleep. The experiment tasks accomplished by the research institute with less than 1,000 staff members in two months exceeded the sum of work over the past two years.

To save time and raw materials, only one rocket was manufactured for the current experiment and launching. The safe return of the product set stricter demands on the experiment, installation, and testing work.

After thousands of large and small scale experiments, the 50-meter long, complicated rocket was delivered to the launching site intact.

In late April this year, the rocket for launching combined drill was delivered to the Xichang launching base. The Carrier Rocket Research Institute released hundreds of

working personnel to form an experimental team. Facing a new launching site, a new post, and a new product, they carefully conducted inspections and tests, laying down a sound foundation for the successful launching of the rocket.

On 25 May, the rocket for launching was delivered to the Xichang base.

Testing work on the "Long March II" strap-on rocket which was satisfactorily completed on the technological front on 25 June was switched to launching front.

Fueling was carried out on 8 July. Although fueling was smooth for a day and night, unexpected circumstances occurred because of the varied temperature and great environmental humidity. People were anxious about the "contact battle" which had never occurred before. The frontline headquarters immediately held a meeting. Ding Henggao, minister of the Commission of Science, Technology, and Industry for National Defense, Minister Lin Zongtang and Deputy Minister Liu Jiyuan of Aeronautics and Astronautics Industry, and Wang Yongzhi, president of the Carrier Rocket Technology Research Institute, called on everyone to pool wisdom of the masses and offer suggestions and advice to fix the breakdown. Thanks to the concerted efforts of leaders, technical personnel, and workers and to the effective measures adopted, the problem was finally resolved.

The rocket was erected for 20 days on the launcher. To fix the sensor of the booster, Qiao Shoudi, deputy director of the general assembly plant, formed a group of 12 workers on 12 July. Some 30 workers of the general assembly plant including Wei Wenju, Lu Ahong, Zhou Changrong, Chen Lizhong, Shen Xingkun, Wu Lianshan, and Qian Miaoling started to fix the breakdown. As poisonous gas spread over the working site, Wei Wenju and Lu Ahong, who took the lead, fainted after removing the danger. They were immediately saved by their colleagues.

When those in front fell down, those behind advanced. Station master Wang Yongzhi who did not sleep for the whole night stood at the launching pad. Extremely worried, he almost shed tears. He proposed three resolute measures: displacement, step-down, and powerful ventilation. The effective measures ensured the progress of the work at the latter stage.

Through scores of hours of hard work, the danger was totally removed at 2000 on 13 July.

Xichang launching base, China's space city on the morning of 16 July. China's first high-thrust strap-on rocket soared to the sky amid a peal of thunder, the tongue of fire gradually disappeared from sight, and glad tidings of success poured in. This special page will be added to the annals of the Republic.

Military

Editorial Hails Army-People Unity

HK1308104290 Beijing JIEFANGJUN BAO in Chinese
1 Aug 90 p 1

[Editorial: "Unity Between the Army and the People Is a Foundation for Victory"]

[Text] Today is the 63d anniversary of the founding of the People's Liberation Army [PLA]. During the past 63 years, under the leadership of the CPC, our party has gone through difficulties and obstacles and has marched from victory to victory. It has enjoyed the heartfelt love and esteem of the people. It is appropriate to say that Army Day, which comes around once a year, has become a common festival for the Army and people throughout the country and is a jubilant day for consolidating and developing Army-people unity. On the happy occasion when officers and men of the whole Army were celebrating the 63d anniversary of the founding of our Army, Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, delivered an important televised speech to fully show the concern of the party and people for the Army. It is of important guiding significance to strengthening building of the Army and the unity between the Army and the people under the new situation. The whole Army must conscientiously study and comprehend the speech and resolutely implement it.

Over the past 63 years, one of the basic principles which our Army has consistently followed is that the unity between the Army and the people must be maintained. Our Army is the people's own Army forever. The staunch unity between the Army and the people is the source of our Army's invincible strength. During the new historical period, the nature of our Army as the people's own Army has not changed and the tradition of Army-people unity is being carried forward. After the struggle to quell the counterrevolutionary rebellion in Beijing last year, the broad masses of people and Army personnel have further enhanced their understanding of the significance of Army-people unity. Some people have summarized that consolidating and developing Army-people unity is the foundation of our victory, stability, and development. Unity is strength. Unity means victory. During the years of war, we relied on the unity inside and outside the Army, which was harder than iron and stronger than steel, and the support of the people to prevent both domestic and foreign reactionaries from seizing state power. During the new period of socialist construction with economic construction as the center, and in the course of revolutionizing, modernizing, and regularizing our Army, under the guidance of the party's basic line, we still rely on staunch Army-people unity to win a new victory. At present, stability is our paramount task concerning the overall situation. Staunch Army-people unity is an important guarantee for realizing our country's political, economic, and social stability, and the high degree of concentration and unity in our Army.

The construction in our country must develop and the building of our Army must advance. All this is inseparable from Army-people unity. During the past 40 years or so since the founding of the People's Republic, the people's own Army has participated in many urgent, strenuous, dangerous, and heavy tasks of economic construction and numerous key construction projects. In the course of carrying out training, war preparedness, scientific research, production, and so on, our Army has spiritually and materially enjoyed the concern, support, and help of the masses. Practice has enabled us to profoundly realize that "when the Army has become one with the people, it is invincible in the world." This is an irrefutable truth.

To consolidate and develop the unity between the Army and the people, we must attach importance to doing a solid job. Various troops and Army units must take more practical action in doing work to support the government and cherish the people, support economic construction, jointly promote socialist spiritual civilization by the Army and the people, train talented personnel who can do both civilian and military work, deal with emergencies and provide disaster relief, and so on. As long as the work is beneficial to the people, we must make efforts to do it. We must be the Army of the people forever!

Through attaching importance to supporting the government and cherishing the people we must promote the building of the Army itself. Practice has proved that strengthening political building of the Army, ensuring that our Army is always qualified politically, and fully enhancing combat effectiveness of our troops is inseparable from the concern and support of the people, the society which is our big classroom, the people who are our good teachers, and the achievements in our socialist construction which form our base. To strengthen ideological and political work for the Army in the practice of serving the people, we must be good at deepening education in the aim of providing service for the people. In the practice of participating in socialist construction, we must be good at deepening education in socialist conviction. In the activities of jointly promoting the building of socialist spiritual civilization by the Army and the people, we must be good at deepening education in upholding the four cardinal principles, and promoting reform and opening up. In a word, in the course of carrying out the work of supporting the government and cherishing the people we must modestly learn from local governments and the people to increase the political consciousness of our Army, improve its work style, forge closer links between officers and men, and enhance the combat effectiveness of our troops. To do so, we can support local governments and strengthen the building of our troops and push our Army-people unity to a new level.

On the occasion marking the 63d anniversary of the founding of our Army, comrades throughout the whole Army extend their lofty regards to the great party which is the founder of the People's Army, people of various nationalities throughout the country who nurture the

People's Army, and those persons who show concern for, take good care of, and support the building of our Army and our national defense undertaking!

Jiang Zemin, Leaders Meet Military Officers

OW1008133790 Beijing XINHUA Domestic Service in Chinese 0856 GMT 10 Aug 90

[By reporter Guo Diancheng]

[Text] Beijing, 10 Aug (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, cordially met with representatives of outstanding grass-roots military officers from units stationed in frontier areas and offshore islands in Beijing this afternoon.

The representatives warmly applauded as Jiang Zemin walked into the meeting hall, accompanied by Yang Baibing, secretary general of the Central Military Commission. Jiang Zemin greeted and shook hands with them. He cordially chatted with two ethnic minority officers.

Addressing the representatives, Jiang Zemin said: You have been fighting on the front line of frontier and coastal defense year in and year out, carrying out the glorious mission of safeguarding the motherland and developing border areas. You have worked hard. I recently visited Tibet and had first-hand experience of the harsh life in defending border areas. Your mission here is to give yourselves a good rest. He was very happy to see their faces radiant with a healthy glow. He urged them to hold fast to their glorious posts, keep up their good work, and make fresh and greater contributions in defending the motherland.

Jiang Zemin delightfully had pictures taken with them.

The grass-roots officer representatives arrived in Beidaihe on 25 July for a vacation, at the invitation of the the Central Military Commission and the three general departments of the People's Liberation Army. They came to Beijing yesterday for a sightseeing tour.

Yang Shangkun and Liu Huaqing, respectively first vice chairman and vice chairman of the Central Military Commission, visited with them in Beidaihe.

Chi Haotian and Zhao Nanqi were present at the meeting.

PLA Issues Circular on Flood Prevention

OW1008082190 Beijing XINHUA Domestic Service in Chinese 0924 GMT 24 Jul 90

[Text] Beijing, 24 Jul (XINHUA)—The General Staff Headquarters, General Political Department, and General Logistics Department of the People's Liberation Army [PLA] issued a circular recently, urging all military units to make conscientious efforts in flood prevention and rescue work, and support localities in combating floods and handling emergencies.

The circular says: Since the beginning of this year's flood season, several localities in the provinces of Hunan, Fujian, Guangdong, Hubei, Sichuan, and Shaanxi have suffered from serious floods and have been waterlogged. Military units stationed in those areas and the relevant provincial military districts, in their earnest to fulfill the Army's aim of serving the people wholeheartedly, have organized troops and militiamen to join in fighting the floods and rescue work. They have dedicated themselves to safeguarding the nation's property and the people's lives, and have won high praise from local governments and people.

The circular says: As the meteorological department has predicted an extraordinarily affluent rainfall during this year's flood season, it is likely that serious flooding may hit many localities. Continued flood prevention and control efforts, therefore, are necessary to ensure the safety of the people's lives and property as well as the nation's political, economic, and social stability. All military units should actively take the initiative and join in local flood-fighting and rescue efforts. The circular asks: All units should fully prepare themselves mentally and organizationally and with adequate materials to fight floods. Units stationed in localities subject to severe flooding, in particular, should give top priority to flood prevention and control. They should take the initiative to cooperate with local party committees and governments and draw up in advance flood-fighting and rescue plans. They should prepare their local leading organs to ensure that prompt action can be taken once disaster occurs.

The circular asks: Units participating in flood-fighting and rescue efforts should obey local governments' orders. Leading cadres at all levels should personally take charge at the front line and organize their troops well, so that they can promptly handle complicated situations. Fully involving the militia in flood-fighting and rescue work, they should lead soldiers and militiamen to overcome all difficulties and accomplish their mission. Attention should also be paid to ideological and political work. All cadres and soldiers should be educated to think of the people's interests at all times, and to be brave and willing to bear hardships and work long hours so that they can make positive contributions to the flood-fighting and rescue efforts. Units involved in flood-fighting and rescue work should always protect the people's interests and take good care of their property, without committing the slightest offense against them. In other words, they should establish a good military image among the people and behave like a civilized army.

Economic & Agricultural

Yuan Mu on Domestic Economic Situation

HK1008043690 Beijing JINGJI RIBAO in Chinese
20 Jul 90 p 1

["Yuan Mu Speaks About Domestic Economic Situation to Participants at JINGJI RIBAO Work Meeting"]

[Text] "Since we won the victory in checking turmoil and quelling the rebellion last year, the overall domestic situation has been marked by political, economic, and social stability and the stability of the people's feelings. Economic improvement and rectification have achieved substantial results. We should dearly cherish and develop this good situation. Under this situation, the greatest task for us is to strive to develop the national economy." This was Comrade Yuan Mu's assessment of the domestic situation.

At 1900 on the evening of 28 July, Comrade Yuan Mu gave a speech on the current domestic and international situation to all the participants at the JINGJI RIBAO work meeting. He said: Great results have been achieved in the implementation of the policy for economic improvement and rectification. First, the situation in agricultural production is very good. The harvests of summer grain crops this year were better than expected, and the total grain output exceeded 98 million tons and marked an all-time high. The autumn grain crops are now growing in a good condition. The areas sown to cotton, sugar-bearing crops, and other cash crops were also increased. If no serious natural disaster occurs, it is expected that the output of all kinds of crops will increase this year. Second, industrial production has been steadily increasing. Industrial production began to increase again in March; and in June, it increased by 5.9 percent over the same period of last year. If this tendency continues, this year's target of achieving a growth speed of six percent will be fulfilled. Third, prices are continuously declining, and inflation has been further curbed. In the first half of this year, the price index only rose by 3.2 percent over the same period of last year, so it is possible to control the increase rate in the whole year to the limit of seven percent to eight percent. Fourth, the condition of retrieving currency from circulation is satisfactory. In the first half of this year, the amount of currency retrieved from circulation increased by a net amount of 19.5 billion yuan over the same period last year. Fifth, the condition of foreign trade is good. In the first half of this year, the volume of exports reached \$25.7 billion or increased by 15.4 percent over the same period last year; and the state's foreign exchange reserve also increased substantially. Sixth, certain progress has been made in the adjustment of the industrial production structure and the product structure, with the proportion of investment in the energy industry, the raw material industry, the transport industry, and the post and telecommunications industry being increased. This part of investment accounted for 49.3 percent of the total investment in the first half of this year, and increased by 6.3 percent over the same period last year. In addition, the proportion of investment in productive projects also increased from 51.5 percent of the total investment in the first half of last year to 72.4 percent in the first half of this year; while the proportion of investment in non-productive projects decreased from 28.5 percent to 27.6 percent. The excessive rapid growth rate of the township and town enterprises has also been lowered. Seventh, the economic order, especially the order in the

circulation field, has been rectified and improved. Since last year, one-third of the existing businesses have been closed or merged, and a number of lawbreaking and discipline-violating cases in the economic field have been handled.

Comrade Yuan Mu said: The above-mentioned facts full showed that economic improvement and rectification achieved substantial results. However, there still exists a grim side to the economic situation. Some deep-rooted problems accumulated for many years have not been settled; and some new problems, such as the slack marketing condition of some products, the shortage of funds, the decline in economic results, and the strained financial condition, have not been thoroughly solved. We must not be too optimistic or take such problems lightly. The policy for economic improvement and rectification and for deepening reform must be firmly and continuously carried out.

As for the issue of tackling the problems accumulated for many years in the economic life, Comrade Yuan Mu pointed out: First, we must not be too anxious for quick results and must firmly adhere to the principle of ensuring sustained, stable, and harmonious development. Second, priority should be given to developing agriculture. Only after sufficient food is supplied for the 1.1 billion people can other problems be smoothly solved. Third, under the premise of ensuring a certain growth speed, economic development should be shifted from the speed-seeking pattern to the better-result-seeking pattern, and extensive management and operation should be changed into an intensive pattern. Efforts should be really made in this regard. Fourth, it is necessary to further deepen the reforms and expand the scale of opening up. We should draw a lesson from the positive and negative experience in the past few years, properly handle the relationship between reform and development, combine reform with development, and advance reform and development simultaneously. To implement these principles, we will not only solve the deep-rooted problems in the economic work but will also overcome and mitigate the present difficulties.

Yuan Mu said: The positive results achieved in economic improvement and rectification were inseparable from the correct leadership of the central authorities. Through one year's practice, the leading collective of the third generation headed by Comrade Jiang Zemin is united, strong, and competent. It has the ability to guide and control the development of the situation. At the same time, facts show that our party is still carrying out the spirit of the Third Plenary Session of the 11th CPC Central Committee, the 12th party congress, and the 13th party congress, that our party's line remains unchanged, and that we are able to unite all forces that can be united.

Economist Liu Guoguang on Future Reform

HK1108055190 Beijing GUANGMING RIBAO
in Chinese 21 Jul 90 p 3

[Article by Liu Guoguang (0491 0948 0342): "Thoughts on Economic Development and Reform During the Eighth Five-Year Plan Period"]

[Text] As China enters the 1990's, the economic situation is characterized by tasks for improvement and rectification until their completion, and the issue of deepening reform, with a gradual increase in the weight of reform. Reform should become the focus of economic work when the "Eighth Five-Year Plan" is half-way through. Development at a medium growth rate should be maintained during the period of the "Eighth Five-Year Plan," with efforts focused on restructuring, especially of the economic structure and mechanism, to create a stable environment; to guarantee the progress of reform; and to make preparations for great development in the late 1990's and into the next century.

On the Issue of Growth Rate

To accomplish the goal of quadrupling the annual gross industrial and agricultural output value between 1980 and 2000 involves an average annual growth rate of 7.2 percent. Tasks for the first 10 years have been fulfilled ahead of schedule, at a rate of 9.5 percent. The next 10 years involves a rate of between five and six percent. During the "Eighth Five-Year Plan" period, it is imperative to draw a lesson from the actual growth rate having far exceeding the planned growth rate in the "Sixth and Seventh Five-Year Plans," resulting in an overheated economy; to strictly control investment and credit loan scope; to determine several macroeconomic cordons such as money issue and investment growth rate. We should make prompt attention to avoid a major surgical operation when a crisis surfaces and results in great losses.

On the Structural Issue

Imbalance in the industrial setup is an outstanding contradiction in today's economic life, and the bottlenecks in energy resources, raw materials, communications, and transportation have formed grave hurdles to economic development. Industrial restructuring should be the core of economic development in the 1990's. In the arena of worker-peasant relationships, it is necessary for the state to increase agricultural investment (which should be gradually raised to 10 percent in the gross investment) to improve the accumulation level of industry itself, and to further change the practice of procurement of farm produce at low prices and supporting industry at the expense of agriculture to augment the capability of agricultural input in reproduction. In the relationship between light, and heavy industry, the latter will develop at a faster rate during the "Eighth Five-Year Plan" period. This is because such basic industries as transportation, energy resources, and raw materials are relatively backward at present, and it is

necessary to make up for them; the technological level of the national economy remains low as a whole; there is the demand of industrialization in the rural areas; agricultural development demands an increasingly greater volume of agricultural production materials; the change in the consumer goods structure has led to greater demand for metallurgical production and production of chemical raw materials; and there is a rise in the demand for building materials because of housing construction in urban and rural areas. It is believed that the heavy industrial growth rate exceeding that of the light industrial growth rate by one or two percentage points is comparatively rational.

On the Accumulation-and-Consumption Relationship

In the 1990's we are facing many tasks including debt repayment, construction, and improving people's living standards. It is estimated that it will not be as easy to get loans during the "Eighth Five-Year Plan" as it has been during the seventh; moreover, the debt repayment volume during the "Eighth Five-Year Plan" period will be higher than in the seventh; therefore, the accumulation rate will be appropriately lowered. Based on the calculation of the national income level created by the accumulation of per 100 yuan during the "Sixth and Seventh Five-Year Plans" if an accumulation rate of 30 percent can be maintained during the "Eighth and Ninth Five-Year Plans," a five or six percent of the national income growth rate will be guaranteed, while there is ample room to carry out readjustment in the industrial setup. The volume of the consumption fund and national income should be increased synchronously during the "Eighth Five-Year Plan" period, however, the per capita income growth will be lower than the national income growth. In the first part of the "Eighth Five-Year Plan," nominal wage increase will follow the inflation rate, however, people's actual living standards will be lowered somewhat. In the latter part of the plan, nominal wage should be higher than the inflation rate by two or three percentage points, consequently, people's living standards will be improved because of stagnation, but will still be lower than the five or six percent growth rate of the national income. In view of the situation in which accumulation sources have changed from government accumulation in the main, to simultaneous government and social accumulation, it is imperative to make full use of people's savings under the circumstances of fund shortages. It is necessary to advocate diligence and frugality in a big way; to maintain actual, positive interest rates to encourage savings deposits; to develop diversified ways of indirect fund accommodation to achieve pluralism; and to turn people's surplus purchasing power from the "tiger in the cage" that will pound at the market any time, into steady sources of accumulation. To support the development of basic industry and major projects of technological transformation, it is necessary to build a fund-accommodating mechanism that is favorable to amassing funds aside from appropriately increasing the proportion of financial

accumulated funds under central control, to make funds in society and enterprises flow, and be used in basic industry.

On Deepening Reform

The general view is that it is necessary to gradually magnify reform's weight and to make it the core of the entire economic work when the "Eighth Five-Year Plan" period is half-way through; to create conditions for major development in the "Ninth Five-Year Plan" period and in the next century.

The grounds for magnifying reform's weight during the "Eighth Five-Year Plan" period lie in: 1) The problem of realizing the goal of quadrupling the gross industrial and agricultural output value lies not in the rate, but the structure and economic results, the improvement of which will be impossible without overcoming the shortcomings in the economic structure and operational mechanism. 2) From the angle of current political tasks, stability is above everything else, while economic stability is the base for social and political stability. We should not confine our attention to immediate stability while neglecting long-term stability. Sometimes, contradictions exist between immediate and long-term stability, for example, the relationship between increasing the two proportions and local enthusiasm; and the relationship between freezing prices and price reform which involves contradictions between immediate and long-term stability. Long-term stability is possible only by promoting stability with reform, and seeking development in stability in dealing with the relationship between stability, reform, and development. Reform is the key link; to seek stability, especially long-term stability without grasping reform would be a fruitless approach. 3) From the angle of the economic situation, as inflation has initially come under control, irregular provisional administrative means in economic life should be reduced to accelerate reform's pace, by so doing it will also be favorable in dispelling the misunderstanding of people overseas, who believe that a retrogression of reform has resulted from improvement and rectification. And 4) From the angle of realizing the principle of continuous steady and harmonious economic development, the great ups and downs in the past were chiefly due to mistakes in policy (being too eager for success, and going in for grandiose projects and quick results) along with shortcomings in the mechanism. Presently, the guiding principle for economic construction has already been changed. However, the mechanism characterized by ballooning investments remains, and might rebound should measures for improvement and rectification be relaxed. Therefore, aside from continuing to persist in the principle of improvement and rectification, we should pay attention to overcoming the shortcomings in the mechanism; hence, the need to augment reform.

The possibility of augmenting reform during the "Eighth Five-Year Plan" period lies in: The contradiction in the balance of general volumes has relaxed, as has the economic environment, with the effects of improvement

and rectification; consequently, an environment for reform is gradually surfacing. For example, the readjustment in passenger transportation fares and foreign exchange rates not long ago did not cause any major fluctuation despite their rather wide range. Therefore, it is necessary to grasp the favorable time presently to gradually step up and push forward reform in macrocontrol, the market, and enterprises, to gradually increase the weight of the new structure of planned commodity economy.

On the Relationship Between Planning and the Market

During the period of improvement and rectification, it is necessary to lean toward centralization, planning, and direct administrative means. Generally, such practice is necessary when economic development faces a crisis and difficulties. While in normal development and the course of reform, it is necessary to act according to central instructions that macrocontrol should change from direct tuning and control to indirect tuning and control in the main.

The so-called transition to indirect management in the main refers to increasingly giving play to the role of market mechanism. Relative to the past traditional structure characterized by rejecting the market mechanism, our reform may be regarded as a market-oriented one. Of course, such market-oriented reform does not mean abolishing planned guidance and macrocontrol. Past reform scored eye-catching results in giving play to the role of market mechanism; however, no serious solution was found to combining planning with the market, with consequent confusion. Presently, it is necessary to continue to push forward the market-oriented reform, to strive to basically iron out prices, and eliminate the separation of the consumer market in the latter half of the "Eighth Five-Year Plan" period. At the same time, it is necessary to augment, complete, and perfect the tuning, control, and guidance of planning so that planned economy and market regulation may be linked to each other better.

There have been diverse discussions regarding the combining of planning with the market, such as the combination of areas and departments, combination by means of infiltration, and organic combination. Viewing things presently, these ways of combination will coexist over a long period. Take the combination of area and departments for instance, direct control will partially remain even when the transition to indirect control is completed, although direct control will be reduced as much as possible apart from in the case of an emergency. Of course, in implementing tuning and control by direct control, it is necessary to take into consideration the law of value and market demand and supply; therefore, the combination of areas and departments, and combination by means of infiltration are inseparable. However, if tuning and control are genuinely and entirely based on market demand and supply as well as the law of value, direct tuning and control will be dispensable and replaced by indirect tuning and control. Compulsory

administrative intervention is necessary because in some cases, it is impossible to deal with matters based entirely on the requirements of market demand and supply and the law of value with the long-term interests of the overall situation in view. However, no matter what form of the combining of planning with the market is adopted, it is necessary for us to stress respect for the law of value, which is a key issue. In formulating plans, loss of control will surface all the same if we fail to take into consideration the role of the law of value. The authority of examining and approving investments in projects' fixed assets at and above county levels has gone to governments; for example, the building of 113 color television set production lines, and 97 refrigerator production lines have all been examined and approved by governments at various levels, but the loss of control over them surfaced all the same. That resulted from failing to study the long-term tendency of changes in market demand and supply and in not taking the law of value into consideration. Back in 1956, Sun Yefang set forth the concept of "placing planning and statistics on the basis of the law of value," which is still full of vitality. Of course, what he referred to was not the law of market value, today we are showing respect for the law of market value which is far more progressive than what Sun Yefang referred to. In this way, we will combine planned economy and market regulation better; and will promote the continuous, steady, and harmonious development of the national economy, and the change from indirect tuning and control of macrocontrol, to indirect control in the main.

Energy Production Situation Viewed

HK1208020690 Beijing JINGJI RIBAO in Chinese
25 Jul 90 p 2

[Article by Xie Ranhao (6200 3544 3185): "Retrospect and Prospect of Energy Production Situation"]

[Text] Half of the Year of Horse has passed. When reviewing the energy production situation in the first half of this year, we should affirm that the situation is basically satisfactory. According to statistics, from January to June, the total quantity of energy production in the whole country reached 500 million tons of standard coal, or increased by 5.1 percent over the same period of last year. The output of raw coal increased by 6.1 percent; the output of electricity increased by 6.3 percent; and the output of crude oil increased by 1.3 percent.

Energy is the foundation for social progress, and is the "food" and "blood" of industry. Therefore, when assessing the energy production situation, we should link it with the operation of the national economy as whole.

In the first half of last year, because industrial production continued to grow at a rather high speed kept from 1988, the supply of energy in the whole country was rather strained. In the first half of this year, as industrial production grew at a much lower speed and energy production increased steadily, the short supply of energy

in the whole country was substantially changed. The storage of crude oil, coal, and electricity increased and they did not sell well.

Along with the changes in the market conditions, the business conditions of the energy producing enterprises also changed greatly. A coal producing enterprise in the coal-deficient area of east China had to receive endless "coal beggars" last year, but it received very few such visitors this year. The coal mining bureau chief became impatient, and went to ask the State Planning Commission to help promote the marketing of their coal, and the deputy head went to the southern provinces to seek new customers.

Then, did the change in the relationship between supply and demand indicate that the longstanding energy problem had been solved? Did energy production increase too fast?

Ye Qing, minister of the National Production Commission, said no. He said: It is a gratifying fact that energy production grows at a rate higher than the growth rate of the national economy, but the present condition of oversupply was caused by the excessively quick decline of industrial production after last September. He stressed: The State Council has taken measures and has decided to keep the national industrial growth rate at and above the normal level of six percent. To meet this development requirement, energy supply will still be rather strained.

The information from various localities and state departments concerned also supported Ye Qing's opinion. Jiangsu Province is expected to need 72 million tons of coal this year, but it can produce only 20 million tons and can get another 40 million tons from state allocation and barter trade with other provinces, so there will still be a gap of more than million tons. Zhejiang is expected to need 26 million tons of coal this year, and the province can just produce little more than 1.4 million tons; and if the coal allocated by the state is included, there will remain a gap of some 10 million tons. The relevant department of the State Planning Commission predicted that this year, the energy deficiency in the whole country will exceed 30 million tons of coal, and the whole country will also be short of 70 billion kilowatt-hours of electricity and 5 million tons of oil.

The above-mentioned facts show that the present oversupply of energy is merely a temporary phenomenon, and energy remains in short supply in the whole country and this situation has not been changed fundamentally.

What changes may occur in the energy production situation and the supply and demand conditions in the whole country in the second half of this year?

According to the 1990 energy production targets laid down by the Ministry of Energy at the beginning of this year, the coal output should reach 1.06 billion tons, the

electricity output should reach 605 billion kilowatt-hours, and crude oil output should reach from 138 million to 139 million tons.

If the above targets are achieved and if the annual industrial growth rate is kept at the level of six percent, then the energy production situation and the supply and demand condition in the second half of this year will basically be relaxed. The growth speed of coal production will be slowed down along with the increase in coal storage in society, and the actual coal output may stay at the same level as in the second half of last year. Coal demand will be increased, but will not cause a serious shortage. The growth speed of electricity production will also be raised along with the increase in industrial production, and demand will also be increased. The supply and demand of electricity will be basically balanced. If rainfall is deficient in the wet season, the electricity supply in some areas will become strained. The production of crude oil will maintain the growth speed in the first half of this year, and the oil supply will still be rather strained.

Although we are optimistic about the energy production situation and the supply and demand conditions in the second half of this year, as the energy industries require comparatively large investment and yield slow returns, the energy producing enterprises have already showed signs of failing to maintain the development momentum and losing balance since they kept operating in an overload condition in the 1980's in order to meeting the increasing needs in the national economy. Product quality and service quality are not satisfactory. This reminds us that our energy industries have not completely freed themselves from trouble!

Therefore, the experts concerned hold that in order to ensure the sustained, stable, and harmonious development of the energy industries in the 1990's in our country and in order to meet the needs for energy after the overall economy in all aspects moves onto the orbit of healthy development in 1992 through economic improvement and rectification, the state authorities and all energy production departments must now properly handle the following affairs by grasping the current opportunity of the temporary energy oversupply: First, they should carry out the principle of "stressing both developing production and economizing in energy at the same time" and continue to mobilize the forces in all aspects according to the industrial policy to increase investment in the energy industries. Second, various relations inside and outside the energy industries should be properly adjusted. The coal industry should continue to adjust the disproportionate extraction and ensure industrial safety; the oil industry should step up prospecting for new oil and gas reserves in order to meet the needs in oil production; the power industry should quicken the construction of transmission networks in order to keep pace with the construction of power stations. Third, the energy enterprises should pay attention to the improvement of their product quality and service quality.

The above opinions of the experts are reasonable. The departments responsible for energy production should make efforts to improve their work in the above-mentioned aspects, and must not let go of the present opportunity that will never come again. Otherwise, after the national economy is shifted to the orbit of healthy development through economic improvement and rectification, an energy shortage may even be caused by the decline of energy production, and this will be different from the situation in the 1980's when an energy shortage appeared on the basis of production growth.

Article Views China's Export Situation

HK1008055390 Hong Kong WEN WEI PO in Chinese
7 Aug 90 p 4

["Special article" by Chien Chuan (0494 1557): "China's Export Is Hardly Promising"]

[Text] Since the beginning of this year, China's export trade has been steadily increasing, showing a rather favorable tendency. According to statistics kept by the Ministry of Foreign Economic Relations and Trade, the volume of export in the first half of this year reached \$24.05 billion, or increased by 21.7 percent over the same period of last year. In June alone, the volume of export was as high as \$5.32 billion, or increased by 29.3 percent over the same month of last year, marking the best monthly record in history.

Reasons for the Increase in Exports

People in the economic and trade circles hold that many factors caused the substantial increase in China's exports, but the most important factor was that through economic improvement and rectification, prices became stable, social gross demand was brought under proper control, the contradiction between export and sales on domestic markets was mitigated, there was rather adequate supply of industrial goods, and a more relaxed domestic market and material supply condition was favorable to the export trade. At the same time, that state substantially adjusted the exchange rate of the renminbi in late 1989, and this also created a favorable condition for increasing exports.

However, they are not optimistic about the prospects of export in the second half of this year and in the next one to two years. This point was proved by the national export work conference held by the Ministry of Foreign Economic Relations and Trade from 1 to 4 August.

According to the facts revealed at that conference, although there will still exist some favorable conditions for export trade in the second half of this year, export trade will encounter many difficulties, and some problems may affect China's commercial goodwill and the normal development of export trade.

The problems can be summarized into the following points:

The Disorderly Condition in Foreign Trade

—The disorderly condition in foreign trade. Since last year, in the course of economic improvement and rectification, China has closed down some 1,300 companies whose management was chaotic and which did not have the necessary conditions for engaging in foreign trade. This has thus improved the order in the field of foreign trade. However, the overall regulatory and control system in the field of foreign trade has not been completely established. As various provinces, municipalities, and autonomous regions were authorized to engage in foreign trade, after they fulfilled the contracted quotas, they might still be able to bid up the prices of some sensitive commodities in their competitive purchases and cut down their prices in order to compete with each other in exporting these commodities. Such uncontrolled business competition between provinces and municipalities simply caused a disorderly condition in foreign trade, which will remain in the second half of this year. This situation will make foreign businessmen hesitate to place orders, because they will doubt whether the goods are reliable and the prices are reasonable. As a result, not only will the fulfillment of the export tasks be affected, but the reputation of our export goods will also be affected.

—The shortage of funds and raw materials. In the last one year, due to price increases and credit retrenchment at home, the institutions concerned were seriously short of funds for purchasing export goods. In the first half of this year, the state provided loans totaling 3 billion yuan, but the amount still could not satisfy the need. The state has planned to increase loans for foreign trade in the second half of this year, but the amount may still not meet the need for purchasing export goods. At present, exports have also increased substantially; the quantity of export goods purchased in the first half of this year increased merely by 8.3 percent over the same period of last year; the quantity of export goods in stock increased merely by 8.1 percent; and the value of new orders increased merely by 4.2 percent. The momentum of export increases has shown a declining trend.

The Quality of Goods Affects Export

For a certain period to come, it seems impossible to substantially change the shortage of energy and raw materials encountered by the foreign trade enterprises. Take textile goods as an example. This year, export-oriented production will need a total of 71 million dan of raw cotton, but the state can only ensure the supply of 51 million dan and there will be a gap of 20 million dan. Due to the shortage of raw materials, 18 provinces and municipalities failed to fulfill their cotton yarn production targets in the first half of this year, and the situation in the second half of this year will become grimmer and may even affect the effective supply of export goods and the fulfillment of export contracts.

—The inferior and poor quality of export commodities. According to the facts revealed at the conference, the inferior and poor quality of export commodities has become a major factor that affects and constrains China's effort to expand its export, and also affects foreign importers' confidence in Chinese goods. For example, cotton yarn, raw cotton cloth, cotton-polyester yarn, and cotton-polyester cloth were four commodities of high reputation in the past, and many countries did not examine these goods imported from China. However, in a recent period, these commodities became the focus of foreign importers' complaints. In January 1989 alone, there were 27 cases of claims filed by American importers who imported cotton yarn and raw cotton cloth from China, and the amount of claims totalled \$350,000. The claims related to polyester yarn imported from China amounted to \$1.2 million. At the same time, 19 claim cases were filed in Japan against raw cotton cloth imported from China, and they involved a total amount of \$110,000. In Hong Kong, where few claim cases occurred in the past, there were also 84 claims related to 27 export ports in China, and the amount involved reached \$7.5 million. At present, China's share in the cotton yarn market of Hong Kong has shrunk substantially, and part of China's market has been taken over by the products from Pakistan and Taiwan.

The Unfavorable Factors in the International Situation

Similar problems exist not only in the export of cotton yarn, raw cotton cloth, cotton-polyester yarn, and cotton-polyester cloth, but also exist in light industrial products, arts and crafts, mechanical and electrical products, chemical products, medicines, and almost all other export commodities. This seriously affected the confidence of the importers in dealing in the Chinese commodities, and led to the sales decline and the market shrinking. China's reputation in foreign trade was harmed. The purpose of raising the quality of China's export commodities and restoring the good reputation of Chinese products can never be achieved successfully overnight.

We should also note that apart from the above-mentioned domestic factors, there are also unfavorable factors for the development of China's foreign trade in the international political and economic situation. After the summit meeting of the seven Western nations in July this year, the Western countries did not fundamentally change their policy of imposing sanctions on China; on the contrary, they increased trade discrimination and restrictions. The changes in the Soviet and East European situation, especially the economic difficulties in the East European countries, will affect China's import and export trade. In addition, the tendency of forming regional groups in the international economic life has become more obvious, and these regional groups will

take more steps to check the inroads of goods from other regions. The developed countries have adopted

more anti-dumping measures by intensifying the examination of origin certificates and imposing more import restraints. All this will seriously affect China's effort to expand its export.

Foreign Trade Department Is Facing Huge Pressure

People in the economic and trade circles who attended the work conference said: Although gratifying results were achieved in increasing exports in the first half of this year, China will face a grim situation in expanding export in the second half of this year and in a certain period to come. The prospects brook no optimism. In particular, as China's economic development will soon enter the period of the Eighth Five-Year Plan (from 1991 to 1995), China will need huge amounts of foreign exchange to repay the debts due, to import the necessary raw materials, to maintain the appropriate growth speed of the national economy, to import advanced technology and equipment, to carry out technological transformation in the old enterprises, and to ensure the key construction projects. Whether China can achieve the expected results will depend on whether it can further increase its export. Under the difficult conditions at home and abroad, it is not hard to imagine the pressure the foreign trade department is bearing.

Economist Urges Restraint of 'Local Forces'

HK1108073390 Hong Kong CHING CHI TAO PAO
in Chinese No. 31, 6 Aug 90 p 18

["Message on China's Economy": "Liu Guoguang (0491 0948 0342) and Other Economists Propose a Plan To 'Restrain Local Forces'"]

[Text] A research group led by economist Liu Guoguang recently submitted a report suggesting a plan for actively and appropriately "restraining local governments'" administrative functions and control over economic affairs, to gradually weaken the institutional factor that gives rise to the imbalance in general volume and structure.

The report, signed by the "Situation Analysis Group of the Economics Institute, Chinese Academy of Social Sciences," stressed that this is a possible choice for China's macroscopic structural reform in the immediate future. The report holds the view that measures to be adopted in the immediate future could include:

- 1) Accelerating the founding of a state-owned property organization to promote the separation of property right function from local governments' functions; checking their intervention in enterprises and involvement in the economic process, thus creating conditions for enterprise reform.
- 2) Accelerating the independence of banks and magnifying the central government's decisionmaking power in monetary control, to change the present situation characterized by the inseparable bond between local banking organs and governments.
- 3) Pushing forward taxation reform to realize separation of central and local decisionmaking powers.
- 4) The central government

may issue compulsory infrastructure-building national bonds to local governments with a view to reducing their financial strength.

In conclusion, the report pointed out that the plan to "restrain local forces" is by no means an expedient measure, but is for long-term implementation. Otherwise, the broken down walls between localities will be built as soon as the macroeconomy turns for the better, and China's economic development will once again be caught in the abnormal cycle of tightening and relaxation.

In addition, the economists pointed out that localism, imbalance in macrocontrol, and the ups and downs in central and regional power, are all superficial phenomena; whereas, the essence of the problem lies in the fact that the functions and limits of central and local governments' powers have not yet been included in the institutional and legal orbit. It follows that "restraining local forces" should be included in government structural reform, only then will the tendency of the "vassal state economy" be changed efficiently.

Wu Jinglian and other economists of the State Council Development Institute share the same view, believing that centralizing power to a certain extent, is essential.

Aerospace Product Exports To Increase

OW1108083390 Beijing XINHUA in English
0618 GMT 11 Aug 90

[Text] Beijing, August 11 (XINHUA)—Exports of aero-related products this year will hit a new record of 1.4 billion yuan (about 294 million U.S. dollars), according to Lin Zengtang, minister of Aero-Space Industry.

In the past five years, more than 400 types of aero products in 20 categories have been exported, including civilian aeroplanes and military aircraft, aviation engines, food processing, textile and medical machinery, vehicles, navigation instruments and space technology and products, the OVERSEAS EDITION of today's "PEOPLE'S DAILY" reported.

The industry made its first breakthrough in exports in 1988 with 100 million U.S. dollars worth of products sold, and followed this with another 200 million U.S. dollars in sales last year.

To promote the sale of China's aero products on the world market, a number of aero-space enterprises have been approved by the state to have rights to deal in foreign trade business.

Now 23 enterprises in China have earned about 300 million U.S. dollars a year.

China's aero-space products have entered overseas markets in Europe and America, in addition to the Asian and Pacific areas, the paper reported.

State Council Decision on Grain Purchase

OW1108082890 Beijing XINHUA Domestic Service
in Chinese 1156 GMT 5 Aug 90

[Text] Beijing, 5 Aug (XINHUA)—The State Council recently made a decision on improving grain purchase and sale.

The decision says: Food grain has a bearing on the overall economic situation. To do a good job in purchasing surplus grain from farmers is vital to protecting and arousing peasants' initiative in grain production and promoting agricultural production. If the state has sufficient amount of grain under its control to guarantee demand, social and political stability will surely prevail and national economy will grow in a steady and coordinated way.

The decision proposes:

1. It is necessary to correctly understand the situation of grain production. Since last year, all localities have implemented the decision issued by the CPC Central Committee and the State Council on striving to reap bumper agricultural harvests, and have adopted effective measures to develop grain production. The country's grain output has reached a record high. The grain supply situation is quite good as the state has bought more grain, sold less, and kept a larger grain stock; the market grain prices are stable with some decreases, ensuring the demand of the urban and rural people, particularly the people in some disaster-stricken areas. However, due to population growth, the per capita possession of grain in the country is 20 km less than in 1984. In major grain-producing regions, the peasants are facing difficulties in selling their grain, the grain departments are facing grain storage problems, and not much grain is being shipped from the producers to the market. If these problems are not solved effectively, the peasants' enthusiasm for grain production will inevitably be dampened. For this reason, governments at all levels must have a clear understanding of the grain situation, seriously draw a lesson from the fluctuation in grain production since 1984, strive to overcome difficulties, and conscientiously do a good job in grain management.

2. It is essential to do a good job in grain purchase. Good harvests of summer grain and early rice have been reaped this year, and autumn grain crops are growing pretty well. All localities must lose no time to buy the harvested grain, ensure good quality of the purchased grain, and fulfill or overfulfill the grain purchase task. After all counties fulfill their grain purchase tasks, steps should be taken to buy the peasants' surplus grain at negotiated prices. The peasants' grain sale offer should not be rejected, nor should a limit be set on their sale. All localities are encouraged to buy more grain from the peasants in order to protect the latter's enthusiasm for grain production. All the wheat produced in major summer grain producing regions, with the exception of the portion retained by local provincial authorities for

sale at either fair prices [ping jia 1627 0116] or negotiated prices or as a provincial wheat reserve, should be bought at planned accounting prices [ji hua jie suan jia ge 6060 0439 4814 4615 0116 2706] set by the state, and be turned into a special wheat reserve to be resold at fair prices. The central government will subsidize the difference between the unified state purchase prices and the planned accounting prices, and it will have an overall control of the special wheat reserve. Local authorities must obey the unified state decision on the special wheat reserve, and they are not permitted to use the reserve unless they are permitted to do so by the State Council. The purchase of early rice and autumn grain will be made according to the situation of the harvests and in accordance with the above principles.

3. Money needed for grain purchases must be ensured. Banking institutions should make sure that the money needed for payments for grain purchased at contractual prices or for negotiated prices is available. Financial departments must take timely action to earmark funds needed for subsidizing grain purchases. Food departments actively must tap their potential, withdraw money from grain allocation and marketing, and improve money control. Banking institutions should reinstate fully the measures of assessing and collecting grain payments at different locations. They should set uniform preferential interest rates for loans needed by food departments for payments to grain purchased either at state-set prices or negotiated prices. Interest rates for loans needed for normal grain dealings should not float upward, provided that the length of their stay at banks is shorter than one year. If loans cannot be repaid when they are due, they can be carried over without additional interest or penalties.

4. Efforts should be made to curtail sales of grain selling at state-set prices, improve the management of grain sales, plug loopholes, and draw up more effective rules to cut down irrational sales. All types of publicity means and all effective methods should be employed to publicize the need to conserve grain consumption and drive home the idea that waste is shameful and economization is glorious. In an effort to reduce grain consumption and reduce losses or waste at all sectors dealing with grain, we should create public opinion commending those who conserve grain consumption and sternly denounce all wasteful practices.

5. Grain deliveries should be intensified. Both grain export areas and grain import areas must implement seriously the grain allocation plan. Grain import areas, in particular, must not accept their grain supply according to the plan. To support grain export areas, areas which have the capacity should accept as much grain as possible. Those areas which do not accept the grain supply according to the plan shall have their quotas reduced for grain sold to them at state-set prices, and they shall pay interests for that grain which the state purchased at negotiated prices and allotted to them at state-set prices.

6. There should be stronger management of the grain and oil-bearing crop market. All local governments should organize relevant departments to intensify the management of the grain market by gradually establishing the grain wholesale market, by organizing surplus-shortage adjustments, and by enlivening grain distribution. Provinces, regions, municipalities, and counties should be permitted to adjust their rice supply. To ensure normal needs in various quarters, state-operated grain concerns should give full scope to their role as the main channels and "reservoirs" in arranging market needs of all types of grain. Grain markets in country fairs should be open all year-round and their operation should be further enlivened. Private operators are not permitted to undertake grain wholesale businesses. Control over prices on the grain market should be intensified so that a basic stability of grain prices can be maintained. Before the newly harvested grain appears on the market each year, the State Administration of Commodity Prices should work in coordination with the Ministry of Commerce to set guidance prices for the major types of grain purchased at negotiated prices. Based on these guidance prices, all provinces, autonomous regions, and municipalities directly under the central government should draw up their minimum protective prices and maximum prices for grain to be purchased at negotiated prices. Business administrative, public security, and food departments should work in close coordination with one another to intensify control over grain coupons to ban the exchange of other goods with grain coupons and should crack down on such crimes as speculating on and counterfeiting grain coupons.

7. An efficient grain reserve system should be established. Because China is a sprawling country, natural disasters are unavoidable in one locality or another. These disasters will upset the balance of grain supply between fiscal years and between regions. This being the case, there should be sufficient grain reserves for contingencies, for making surplus-shortage adjustments, and for expanding the capacity of macroscopic regulation and control. Thus, whenever and wherever a bumper harvest has been reaped, efforts should be made to buy more grain and keep it in reserve. Each year the central government will increase the state's grain reserves and increase the supply of grain for regulating market needs. All provinces, autonomous regions, and municipalities directly under the central government also gradually should establish their grain reserves. Financially sound rural collectives and households should be encouraged to keep some grain in reserve. All financial and banking institutions should provide financial support for setting up grain reserves by offering loans or deducting interests. Other areas that have the resources also gradually should establish their funds for grain reserves.

8. Purchasing and marketing of edible oil should be intensified. After fulfilling the quotas for rapeseed purchase this summer, all localities should be prepared for rapeseed purchase this fall, and buy as much rapeseed as possible at contract prices. The interest rates for loans

needed for edible oil purchases at state-set prices and negotiated prices should be set according to the regulations for loans needed for grain purchases. All localities should gradually establish their reserves of edible oil so as to expand their regulatory and control capacity.

9. The construction of granaries should be sped up. To alleviate the problems of having not enough storage space for grain and edible oil, the state has decided to build some granaries and edible oil tanks each year during the Eighth Five-Year Plan period. The money needed for this purpose will be raised in various ways and through various channels. The State Planning Commission and all local planning commissions should arrange the money needed for investment in the construction of granaries and tanks while drawing up their capital construction plans. Central and local financial institutions should also budget special funds for this purpose. Construction of granaries and edible oil tanks should also be a priority project of the Ministry of Commerce when it spends the construction funds at its disposal. The money needed for the construction of granaries and oil tanks for keeping state reserves or revolving supply should be divided equally between central and local authorities. As for the funds for building simple granaries and oil tanks, the People's Bank of China will set up special, revolving loans for this purpose, and central and local financial institutions shall provide a discount. While building new granaries, all localities must also pay great attention to the maintenance and reconstruction of the existing granaries, grain shops, and other grain-related facilities. The maintenance budgets shall not be used for other purposes. Part of them should be set aside for priority projects.

10. Problems of debts incurred in grain purchases should be resolved gradually. Governments at all levels must incorporate their grain subsidies in their budgets. Financial departments must appropriate all policy-permitted subsidies according to plans and make sure they are available when they are needed. All local authorities

should seriously screen all delinquent payments and draw up measures and plans for their repayments so that the problems can be resolved through various channels. For the loans borrowed for grain purchases but paid back within the prescribed periods, banking institutions should not impose additional interest or any other penalties on them, except for the portions which have been used for other purposes. Grain departments should intensify their management, improve their operation, strive to increase incomes, and cut expenditures through launching the "double increase and double conservation" drive, and strive to achieve better economic performance and lessen the burden of the state. In accordance with regulations drawn up by the State Council, they should continue to follow the measures of subsidizing the losses permitted by policy and improve all forms of operation contracts so as to enliven the operation of all concerns.

11. There should be stronger leadership over grain management. Since grain-related issues involve many sectors, there are now many problems relevant to grain purchasing, marketing, financing, and managing. The grain output has yet to attain a higher level, and the output of edible oil still falls short of the previous record. Governments at all levels must earnestly strengthen their leadership over grain management, discuss major grain issues at regular intervals, and take prompt actions to resolve the problems. The State Planning Commission should work in coordination with departments in charge of economic, trade, commercial, and financial affairs in arranging grain import and export so as to achieve an overall balance in grain supply. Food organizations must be reinforced, not weakened. We should seriously examine our food experiences in recent years and continue to readjust and reform our food policies. Governments at all levels must make overall arrangements and coordinate the operation in all sectors so as to bring about a steady increase in grain and edible oil output, ensure their effective supply, and contribute to social stability and the sustained and coordinated development of the national economy.

East Region

Anhui Leaders Mark Army Day With Police Corps

OW1108131790 Hefei ANHUI RIBAO in Chinese

1 Aug 90 p 1

[By Jin Yunming (6855 6663 2494) and Tu Songtao (3205 2646 3447)]

[Excerpt] On the evening of 31 July, singing, clapping, and laughing overflowed in a full house at the Anhui Theater. The provincial armed police corps was having a soiree here in celebration of "1 August" Army Day.

Provincial leading comrades—Lu Rongjing, Fu Xishou, Wang Guangyu, Yang Yongliang, Shi Lei, Shao Ming, Zheng Rui, Ying Yiquan, Du Hongben, Xu Leyi, and Zhao Huaishou—as well as leaders from the provincial military district, the Electronics Engineering Institute, and the Hefei Artillery Academy watched the brilliant performance by the corps' amateur troupe. The troupe was just back from Nanchang after taking part in the First National Armed Police Force Theatrical Festival. Together with more than a thousand officers and policemen, they marked the first Army Day of the 1990's. [passage omitted]

Hong Kong To Aid Fujian Zone Development

OW1108080290 Beijing XINHUA in English 0546 GMT

11 Aug 90

[Text] Fuzhou, August 11 (XINHUA)—The Chinese mainland and Hong Kong will jointly build a production and processing base of farm and sideline products in the Xiamen Special Economic Zone in east China's Fujian Province.

According to a contract that has just been signed, Fujian will provide 133 ha of land and the Hong Kong partner will invest 7.31 million U.S. dollars in the project over the next three years.

The base will engage in the cultivation and breeding business, produce forage, and process sideline products.

It is expected that the base will be able to provide 5,000 stock pigs and 40,000 meat pigs, and 1.5 million kg of fruits and vegetables a year after it goes into operation.

Jiangsu's Shen Daren at Army-Civilian Meeting

OW1208043190 Nanjing XINHUA RIBAO in Chinese

25 Jul 90 p 1

[Text] On the afternoon of 24 July, the leading comrades of Jiangsu Province and the Nanjing Military Region happily gathered together to exchange work experiences of the localities and Army units, and freely discuss the understanding and ideas of fostering unity among the military, the government, and the people. Attending the discussion meeting were leading comrades of the Nanjing Military Region Gui Hui, Shi Yuxiao, Guo Xizhang, Jiang Yutian, Wang Yongming, Pei Jiuzhou, Zhang

Zongde, Lan Baojing and Wang Tailan; and Jiangsu Provincial leading comrades Shen Daren, Chen Huanyou, Sun Jiazheng, Han Peixin, Zhou Ze, Sun Han, Yue Dewang, Hu Fuming, Gao Dezheng, and Dai Shunzhi.

On behalf of the Jiangsu Provincial Party Committee Standing Committee, Shen Daren, secretary of the Jiangsu Provincial Party committee, first expressed his heartfelt gratitude to the Nanjing Military Region and Army units stationed in Jiangsu, who have strongly supported and helped in many aspects of work in Jiangsu. He said: For a long time, the People's Liberation Army [PLA] has played an important and critical role in safeguarding political and social stability. In economic development, reform, and opening up to the outside world, Army units have given abundant support to the various localities in their work in terms of manpower and material resources. Especially at crucial moments in the struggle against calamities and in rescue operations, PLA commanders and fighters continuously have been fighting selflessly on the front line and have effectively ensured the safety of the people's lives and property. The joint activities of soldiers and civilians in building spiritual civilization have enabled local civilian comrades to learn from the fine ideology and style of Army units, thereby promoting the development of spiritual civilization among the masses. Comrade Shen Daren gave a general account of Jiangsu Province, as well as the present work and the basic guidelines for the work in the second half of this year. Comrade Chen Huanyou, provincial party committee deputy secretary and governor, also introduced an account on the relevant situation.

Shi Yuxiao, secretary of the party committee and political commissar of the Nanjing Military Region, on behalf of the military region party committee, made a heartwarming speech. He said: As the 63d Army founding anniversary is approaching, the Jiangsu Provincial Party Committee and the military region party committee are briefing each other on their respective situations, and are discussing jointly the major plan for the "double support" campaign [supporting the Army and giving preferential treatment to their family members, and supporting the government and cherishing the people]. This has enabled us to understand achievements in local construction. For many years, leaders at various levels and the broad masses in Jiangsu have given a lot of support to Army building in all aspects. Comrades of the various localities have overcome difficulties and created good working and living conditions for us. On behalf of the Nanjing Military Region's officers and men, I would like to take this opportunity to express our heartfelt gratitude to the Jiangsu Provincial Party Committee, the provincial government, and the broad masses of people. Shi Yuxiao highly praised the achievements Jiangsu has made over the years. Particularly noteworthy is the fact that leaders of the province and various localities have paid great attention to supporting soldiers and giving preferential treatments to their dependents and have done a lot of work in supporting Army building. Shi Yuxiao introduced the major work undertaken by Army

units in the recent past. Gu Hui, commander of the Nanjing Military Region, also spoke at the meeting.

Comrades attending the meeting expressed the common wish that from now on the various localities and the Army units would foster closer relations, support and help each other, and boost unity to improve the various tasks of the Army and of various localities.

Jiangxi's Rice Output To Increase

HK1008111890 Beijing JINGJI CANKAO in Chinese
25 Jul 90 p 1

[Report by Zhen Yanchu (3914 6056 0443): "Jiangxi's Early Rice Output Expected To Increase by 800 Million Kilograms"]

[Text] The total early rice sown area in Jiangxi Province is 23,467,500 mu this year, which is 13,000 mu more than the sown area of last year. It is expected that the total output will reach 7,606 million kg, some 799 million kg more than last year, or an increase of 11.74 percent. The average per-mu yield will be 324.11 kg, 34.11 kg higher. Of the areas in which the output has increased, Shangrao has increased its output by more than 250 million kg and Yichun's output has increased by more than 100 million kg. Provided management is strengthened in the last stage, there will surely be a bumper harvest.

Jiangxi Women Contribute to Rural Economy

OW1308054990 Beijing XINHUA in English 0010 GMT
13 Aug 90

[Text] Nanchang, August 13 (XINHUA correspondents Xuan Fenghua and Chen Yao)—When Ren Yaocai, an ordinary female farmer, launched a feather-processing factory in Yongxin County, Jiangxi Province, three years ago, it was a pioneer venture in the Jinggang Mountains.

But now chicken feather processing has become the county's pillar industry, involving more than 10,000 farmers, mostly women, and Ren is known as the "Feather Empress" because she owns the biggest chicken feather processing factory in the county.

Last year, the county, which nestles in the Jinggang Mountains, known throughout the country as the "Cradle of the Chinese Revolution," generated an output value of five million yuan from feather processing and became one of the three-largest feather exporters in the country.

Ren's factory produced 640,000 yuan worth of chicken feathers products and earned 100,000 yuan in profits. All the products of the factory are exported to Southeast Asian countries via an import and export agency in Guangdong Province.

Ren is not untypical of the local women, said Liu Yiqun, vice president of the Women's Association of local Jian Prefecture. In recent years, more than 700,000 women

farmers, or 70 percent of the total in the prefecture, have been engaged in local processing industries and many capable women like Ren have emerged.

"My parents led poor lives, though they were good at processing chicken feathers. It is the current national policies that have made it possible for us to use our talents to escape poverty," said the 27-year-old Ren.

Ren is also optimistic about the future of her factory for its products are in ready demand in overseas markets. She and her husband, who is responsible for raw material supply and product sales, are planning to expand the factory.

The Jinggang Mountains, covering 13,000 sq km on the border of Jiangxi and Hunan provinces, served as China's first revolutionary base from 1927 to 1929 under the leadership of the late Chairman Mao Zedong and Marshal Zhu De. The isolation of the mountains helped preserve the Red Army forces.

But, after the People's Republic was founded in 1949, the isolation from the outside world and inadequate transport facilities hindered local economic development, which was dominated by grain production and had a surplus of rural laborers, Liu said.

"Just a decade ago, our women farmers were confined to taking care of household chores and children," she added.

However, since the country began to pursue the reform and open policies, the Jinggang Mountain area has embarked on the road of building a diversified and commodity economy. To fully tap local resources, farmers, mostly women, there have chosen to go in for developing chicken and duck raising, kumquat growing, sericulture, and poultry and fruit processing, and other industries.

In order to help women farmers learn farming and processing know-how, local administrations and women's federations have sponsored training courses. Since 1985, some 600,000 female farmers in Jian have mastered one or two practical techniques through the training courses.

Last year, 2.4 million women farmers in the province became involved in a nationwide campaign, initiated by the All-China Women's Federation, appealing women farmers aged between 16 and 50 to raise their cultural level, learn techniques and make their contribution to rural economic development.

Jiang Zhuping, deputy governor of the province, said that Jiangxi women farmers have made tremendous contributions to the rural commodity economy, and now constitute the principal force in rural production.

Militia, Reserve Service Work Conference Held

SK1308003590 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 10 Aug 90

[Text] The militia and reserve service work conference of Jinan Military region was held in Jinan on 10 August. Zhang Wannian, commander of the Jinan Military region, addressed the conference. He said: Militia and reserve service constitute a great strategic force. As a part of the country's three-in-one combination of armed forces system, the militia has the characteristics of sound organization and extensive distribution and has prominent advantages of safeguarding social security and maintaining social stability. It has played a role that no other armed forces can replace.

Zhang Wannian pointed out: The strategic status of reserve service, fundamentally speaking, is determined by the strategic ideology of the people's war, and is established on the theoretical basis of historical materialism that the people are the creators of history. He said: Success in militia and reserve service work will produce not only political and military beneficial results but will also produce tremendous economic results. Facts show that strengthening the building of the reserve force during the building of two civilizations is one of the important experiences in militia and reserve service work in the new period.

Gao Changli, vice governor of Shandong Province, and Hu Tiyun, vice governor of Henan Province, respectively, introduced their experiences in strengthening militia and reserve service work during the new period.

Leading comrades of Jinan Military region, including Song Qingwei, Yan Zhuo, (Pan Renshan), Jiang Futang, and Hao Baoqing, responsible comrades of departments concerned of the General Staff Headquarters, the General Political Department, and the General Logistics Department, chairmen of the prefectural and city armed forces committees of Shandong and Henan Provinces, and responsible comrades of reserve service divisions and Army units of military districts and subdistricts of various provinces, a total of 120-odd persons, attended the conference.

Jiang Chunyun Writes Book Inscription

SK1308010590 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 11 Aug 90

[Text] A book was recently published on wheat cultivation in Shandong. This book comprehensively and systematically summarizes our province's scientific research findings and production experiences in wheat cultivation over the past 40-odd years since the founding of the country. Theoretically, it has a fairly high scientific attitude, and in production, it is of extensive use.

Jiang Chunyun, secretary of the provincial party committee, wrote an inscription for this book.

Province Success in Screening Companies Noted

SK1208051690 Jinan DAZHONG RIBAO in Chinese
17 Jul 90 p 1

[Summary] Shandong Province has, to date, dealt with the problems of 4,413 companies or corporations of various kinds at all levels by shutting some down and merging some into others, which account for 26.8 percent of 16,436 companies and corporations across the province. The province has exposed 1,366 violations by screening companies and corporations this year and imposed 18.5 million yuan of fines on them.

Development, Problems in Enterprises Noted

SK1208051590 Jinan DAZHONG RIBAO in Chinese
18 Jul 90 p 1

[Summary] Town-run enterprises throughout Shandong Province have tided over the difficult period in the year and have begun to mount a track with adequate speed and input, as well as with the reasonable structure of both production and products. During the first half of this year, the increase of output value of town-run industrial enterprises developed from 9.3 percent in January to 21.8 percent in June. The proportion of the total output value of town-run industrial enterprises in the province's total industrial output value has increased from 44 percent in 1989 to 47.6 percent in 1990.

Prominent problems encountered by these town-run enterprises at present are as follows: 1) Their marketing has not achieved a turn for the better, and the production and marketing rate of town-run industrial enterprises has reached 65.3 percent, a 5.8 percent decrease over the same period of 1989. 2) The losses caused by these town-run enterprises have increased, and the targets of economic results have declined in an overall way. According to the itemized statistics compiled in May on the production situation of 12,516 town-run industrial enterprises across the province, the number of money-losing enterprises showed a 53.44 percent increase over the same period of 1989, and the volume of their losses showed a 155 percent increase over the same period of 1989. The rate of taxes and profits earned from all funds showed a 4.79 percentage points decrease over the same period of 1989 and the number of circulating days of fixed-quota funds showed a 35.5 day increase over the same period of 1989.

Shanghai Exports Increase Seven Percent

OW1208121790 Shanghai City Service in Mandarin
0900 GMT 7 Aug 90

[Text] Ports in Shanghai sustained an increasing trend in exports in July that totaled \$428 million, up 7 percent over the same period last year. In July, 19 specialized companies in foreign trade completed exports totaling \$334 million, accounting for 78 percent of the total exports for the month. The export value of eight major

industrial trading companies also made some breakthroughs, with exports totaling \$29.53 million, accounting for 6.9 percent of the total exports in July.

In July, the export of machinery and electrical products totaled \$28.41 million, up 20.7 percent over the same period last year, setting an all-time high record. According to statistics, from January to July, Shanghai's accumulated exports were valued at \$3.024 billion, an increase of 14.1 percent over the same period last year.

People's Bank To Relax Shanghai Fund Supplies

OW1108050190 Shanghai JIEFANG RIBAO in Chinese
26 Jul 90 p 1

[By reporter Shi Saizhu (2514 6357 3796)]

[Excerpts] Yesterday Gong Haocheng, director of the Shanghai Municipal People's Bank, who has just returned to Shanghai from a national conference of branch directors of the People's Bank in Beijing, revealed to this reporter: In the second half of this year, Shanghai fund supplies will be more flexible and relaxed under the current tight liquidity policy. However, the task of reducing fund usage on products and increasing the efficiency of fund usage is still quite heavy. Banks and enterprises must join efforts to promote Shanghai's economic development. [Passage omitted]

Gong Haocheng pointed out yesterday: In the second half of this year, fund supplies may be relaxed. However, enterprises should not be unduly optimistic because many problems are badly in need of solutions. He said: In the first half of this year, Shanghai's loans increased by 2.2 billion yuan over those of last year, an increase that is as high as 60 percent. However, some enterprises still felt the "liquidity" pressure because of insufficient operating funds. Where did the money go? It was tied up in warehouses. According to statistics on the 14 state-owned enterprises under the industry bureau, funds for enterprise inventories currently are 23 percent greater than at the beginning of the year. However, production has increased by only 0.8 percent. The finished products are held up in warehouses, thereby tying up operating funds. It is hoped that this problem will receive the attention of leaders at various levels so they will take measures from different aspects to eliminate the problem of stockpiled inventory and expedite the restructuring of the product mix.

Gong Haocheng yesterday also revealed the guidelines for loans by Shanghai's banks in the second half of this year. He pointed out: Shanghai resolutely must implement the guidelines of the national conference of branch directors of the people's bank. In view of the current sluggish markets and serious overstocking of products, banks must strengthen their analyses of markets and enterprise operations, and persist in classifying loans extended to enterprises. While giving priority to supporting state-owned large and medium-sized backbone enterprises, they should support in an appropriate manner the small and medium-sized enterprises that produce salable products, the three

types of wholly or partially foreign owned enterprises, and urban and rural collectively run enterprises. They should actively support well-managed enterprises that are facing temporary difficulties in marketing to help these enterprises tide over difficulties. With regard to enterprises whose products previously were very marketable but have become unsalable because of changes in the market, it is necessary to actively help them restructure product mix and open new markets. Measures should be taken to expedite reforms in those enterprises that have been barred from receiving loans according to production and credit policies. It is necessary strictly to tighten control over loans for those enterprises that yield poor economic results, produce unmarketable products, and operate in the red; to stop extending new loans to them; and to persuade them to reorganize, merge, or change to other product lines.

Zhejiang's Li Zemin on College Party Building

OW1208133490 Hangzhou ZHEJIANG RIBAO
in Chinese 24 Jul 90 p 1

[Excerpt] The provincial conference on party building in colleges, sponsored by the provincial party committee, ended in Chunan yesterday. Li Zemin, provincial party committee secretary, spoke on the party's work and ideological political work in colleges. He said: The most important objective of the party's work in colleges is maintaining social and on-campus stability. It is necessary to uphold the party's leadership over colleges, strengthen party building, and enhance the combat capability and cohesive force of party organizations at various level in colleges. The whole party and society should value and support work in colleges.

Li Zemin began his speech by emphasizing that on-campus stability is the most important task of the party in colleges. He said: Since the halting of turmoil and the quelling of the counterrevolutionary rebellion last year, comrades in colleges throughout the province have overcome many difficulties and done arduous work in stabilizing the overall situation with remarkable results. On the whole, the situation in colleges is basically stable. However, we should not overestimate the results and become unduly optimistic or lower our guard. Internationally, the struggle between the two opposing systems and ideologies is a protracted one. Domestically, the confrontation and struggle between the adherence to the four cardinal principles and the bourgeois liberalization will also last for a long time. For the last 10 years since the implementation of the reform and open policy, our struggle against the ideology of bourgeois liberalization has never stopped. The elimination of the influence brought about by the ideology of bourgeois liberalization is a long-term task. We must realize its protracted nature, complexity, and arduousness. Colleges are the places for nurturing qualified personnel for socialism, as well as an important position over which we and hostile forces at home and abroad are fighting for control. Unremitting efforts and a great deal of meticulous work are needed to maintain on-campus and social stability

and turn colleges into a stronghold where successors of our socialist cause are trained. We must strengthen the party's leadership over the work on colleges and do our best to unite teachers and students of colleges around the party Central Committee with Comrade Jiang Zemin at its core. We should unite whatever force that can be united, mobilize all positive factors, and turn all negative factors into a positive one. All these will help build a foundation on which we can maintain long-term on-campus and social stability.

Li Zemin called on colleges to uphold party leadership, strengthen party building, and enhance combat capability and cohesive forces in party organizations at various levels. He said: The implementation of the system of college president's responsibility under the leadership of party committee is an important organizational measure in strengthening party leadership over the work on colleges and in maintaining the party's leading role. The adoption of this system of leadership is based on the experiences and lessons drawn from past decades and is the result of repeated comparisons. It is in compliance with the nation's circumstances and is also determined by the nature, status, and objectives of our socialist universities. The key to strengthening party leadership over the work in colleges lies in developing the role of the party committee as the core of leadership, the general party branch as the guarantor and supervisor, the party branch as the fighting bastion, and Communist Party members as the vanguards and models. It is necessary to improve the quality of the leading bodies so that the leadership of colleges will become a strong fighting collective that is politically strong, united, cooperative, clean, honest, and cohesive. In strengthening the party's work on campuses, we should thoroughly implement the party's policy toward intellectuals and strive to build up a strong contingent of teachers who should be able to conduct ideological and political education on their students, a job currently done by a stable contingent of competent career party and political workers. It is strategically important to build up a team of teachers with excellent professional and political qualities. We should persistently show respect to those who are knowledgeable and qualified. As for the intellectuals, we should trust them politically, support them professionally, and show concern for their livelihood. Teachers, especially young teachers, should be organized to study Marxist theory and gain more social exposure to help them chart a correct political direction of associating themselves with the workers and peasants in real life, thus making them experts with socialist consciousness. It is necessary to place strict demands on and provide warm assistance to students. At present, particular attention should be given to educating them in the adherence to the four cardinal principles, instilling patriotism, and helping them strengthen their faith in socialism. [passage omitted]

Central-South Region

Guangdong Secretary Attends Economic Discussion

HK1208014090 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 11 Aug 90

[Text] During a discussion with managers and directors of some 20 enterprises in Guangdong on how to increase enterprise economic results, Guangdong Province Vice Governor Zhang Gaoli pointed out that in order to invigorate enterprises it is necessary to strengthen management and increase economic results.

Lin Ruo, secretary of the Guangdong Provincial CPC Committee, and Guangdong Province Vice Governor Yu Fei also participated in the discussion. Comrade Yu Fei and Comrade Zhang Gaoli delivered speeches.

Comrade Zhang Gaoli said that over the past few years, some enterprises in Guangdong have become overly anxious for quick results, laid too much stress on expanding production, and ignored tapping latent potentials and updating technologies. In the future, all enterprises in Guangdong must make redoubled efforts to strengthen management and increase economic results. Only by strengthening management and increasing economic results will enterprises be able to improve production quality, solidify real strength, attain and surpass the advanced international standard, and become invincible in keen competition.

Comrade Zhang Gaoli held that in order to strengthen management and increase economic results, all enterprises in Guangdong must foster and strengthen the market concept, carry out more market investigations, quickly readjust product mix, develop new products, and produce more readily marketable products.

Guangdong Secretary Attends Report Meeting

HK1108061290 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Aug 90

[Excerpts] The Guangdong Provincial Model Workers' Report Delegation held its first report meeting in the provincial CPC Committee's auditorium this afternoon.

The report meeting was attended by more than 1,000 people, including provincial party, government, and military leaders such as Lin Ruo, secretary of the provincial CPC Committee; Xie Fei, deputy secretary of the provincial CPC Committee; Huang Hao, director of the provincial CPC Committee Propaganda Department; and others. Vice Governor Lu Zhonghe presided over the meeting. [passage omitted]

After listening to a number of reports on the advanced deeds of some model workers, Comrade Xie Fei delivered a speech. He said the deeds are encouraging and pleasing and should be publicized throughout the province. The provincial CPC Committee and People's Government organized the report delegation in order to publicize advanced deeds; develop the spirit of selfless

devotion; improve the general mood of society; train a new generation of people with lofty ideals, cultural accomplishments, moral integrity, and sense of discipline; and further promote socialist spiritual civilization building in Guangdong.

The provincial CPC Committee called on CPC organizations at all levels, the broad masses of CPC members and Communist Youth League Committee members, and all the people in Guangdong to conscientiously learn from these model workers and endeavor to create a civilized atmosphere.

The report delegation planned to tour 19 cities to give its reports on advanced deeds.

Guangdong Rural Work Symposium Concludes

HK1108055890 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Aug 90

[Text] The four-day Guangdong Provincial Symposium on Rural Work concluded in Guangzhou today.

Guo Rongchang, deputy secretary of the provincial CPC Committee, and Ling Botang, provincial vice governor, delivered important speeches at the symposium.

The symposium relayed and studied the spirit of the recently concluded National Symposium on Rural Work and discussed Guangdong's rural work.

The symposium urged various areas to practically strengthen CPC leadership over rural work, further increase grain production, continue to implement the household contracted responsibility system with remuneration linked to output, develop the advantages of collective and unified operation, and further develop the collective economy.

Comrade Ling Botang pointed out that over the past few years, some areas of Guangdong have violated the provincial people's government's policy of invigorating live pig production by monopolizing live pig purchase and operation. This has made it difficult for peasants to sell their live pigs. Comrade Ling Botang demanded an immediate end to such malpractices.

Construction of Guangzhou Station Progresses

OW1108075390 Beijing XINHUA in English 1403 GMT 10 Aug 90

[Text] Guangzhou, August 10 (XINHUA)—The construction of a pumping energy-storage station is well under way in a mountainous area near south China's Guangzhou City.

This is the first energy-storage pumping station to be built in China.

At present, half of the tunnels have been completed and reservoirs on high and low ground are being constructed.

Construction of the station, which began in 1988, is aimed at guaranteeing the safe operation of the nearby Daya Bay Nuclear Power Station.

Guangxi Circular on Militia Economic Entities

HK1108043490 Nanning Guangxi Regional Service in Mandarin 1030 GMT 10 Aug 90

[Text] At the beginning of August, the Guangxi Regional People's Government and Regional Military District jointly issued a circular on building economic entities run by the people's militia.

The circular pointed out that building economic entities run by the people's militia is the continuation and development of the CPC's fine tradition of combining economic construction with war preparations—an effective form of organizing people's militiamen to participate in both socialist material and spiritual civilization building. Building economic entities run by the people's militia is also a major strategic measure aimed at invigorating and subjecting people's militia work to national economic construction in the new historical period.

The circular demanded that all departments concerned actively support economic entities run by the people's militia by guaranteeing them the provision of funds and technologies.

The circular contains a total of 14 regulations regarding the nature, guiding ideology, employees, application and approval procedures, source of funds, operation principle, financial system, organization, and leadership of economic entities run by the people's militia. These regulations are aimed at ensuring and promoting healthy development of all economic entities run by the people's militia in Guangxi.

Guangxi CPWDP Committee Holds Celebration

HK1008103890 Nanning Guangxi Regional Service in Mandarin 1030 GMT 9 Aug 90

[Excerpts] The Guangxi Regional Committee of the Chinese Peasants' and Workers' Democratic Party [CPWDP] held a forum in Nanning on 8 August to celebrate the 60th anniversary of the CPWDP's founding.

Tao Aiyang, deputy secretary of the Guangxi Regional CPC Committee; Huang Baoyao, vice chairman of the Guangxi Regional People's Congress Standing Committee; Ou Jiwen and Wei Ruilin, vice chairmen of the Guangxi Regional CPPCC Committee; and responsible persons of regional committees of various democratic parties attended the forum.

At the forum, Ma Minglong, vice chairman of the Guangxi Regional CPPCC Committee and concurrently chairman of the Guangxi Regional CPWDP Committee, reviewed the 60-year history of the CPWDP. [passage omitted]

Comrades Tao Aiying, Ou Jiwen, Wei Ruilin, also delivered speeches at the forum on behalf of the Guangxi Regional CPC Committee, the Guangxi Regional CPPCC Committee, regional committees of various democratic parties, and regional federations of industry and commerce, respectively, extending warm congratulations to the 60th anniversary of the founding of the CPWDP.

In his speech, Comrade Tao Aiying spoke highly of the outstanding contributions made by the Guangxi Regional CPWDP Committee to Guangxi's socialist spiritual civilization building and socialist material civilization building and praised it for actively participating in regional government and political affairs.

Henan Secretary Hou Zongbin Views College Work

HK1:08033490 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 9 Aug 90

[Text] On the morning of 8 August, provincial leaders, including Hou Zongbin, Zhao Di, Liu Guangxiang, Yu Youxian, and others, invited some of the comrades attending the current Henan Provincial Conference on College Party Building Work to a forum.

Wang Xiteng, secretary of the CPC Committee of Zhengzhou University; He Dexi, president of Zhengzhou University; Jiang Jianping, secretary of the CPC Committee and president of the Henan Agriculture University; and Han Jingping, secretary of the CPC Committee of Henan University, reported their work and expressed their views on college work to the provincial leaders at the forum.

Hou Zongbin, secretary of the Henan Provincial CPC Committee, delivered a speech entitled "Strengthen Unity, Seek Truth, Be Red and Expert" at the forum.

In his speech, Comrade Hou Zongbin said the Henan Provincial CPC Committee has recently put forward the general guiding ideology of strengthening unity and promoting development, as well as the strategic principle of basing development on science, technology, and education. He expressed the hope that all comrades working in various institutions of higher learning will implement to the letter this ideology and principle.

Comrade Hou Zongbin held that education development must center on further developing elementary education, strengthening vocational and adult education, and improving higher education.

Comrade Hou Zongbin said that all comrades concerned must strive to build the CPC committees of various institutions of higher learning into staunch leading bodies and strengthen unity among their members. Members of each college CPC committee must further broaden horizons, remain modest and prudent, and further improve professional competence. All institutions of higher learning must conscientiously implement to the letter the principle formulated by the Henan

Provincial CPC Committee Standing Committee of avoiding subjective one-sidedness, formalism, and bureaucratism; carrying out work in a down-to-earth manner; strengthening confidence; and seeking actual results.

Comrade Hou Zongbin said in the new situation of reform and opening up to the outside world, in order to foil the attempt made by some Western countries to bring about peaceful evolution in China, all comrades engaged in higher education work in Henan must adhere to the principle of improving both political and professional qualities of students in order for socialism to occupy the higher education front. The CPC committees must practically strengthen education on the CPC's basic line, basic theories, and basic knowledge among the broad masses of teachers and students in light of their actual conditions; further strengthen the CPC organization building at the grass-roots level; improve political and professional qualities of their teaching staff; strengthen their united front work; give full play to the fighting-bastion role played by the CPC branches at all levels; and organize the broad masses of teachers and students to conscientiously study Marxist theories.

Responsible persons of the Henan Provincial CPC Committee's Organization and Propaganda Departments, the Henan Provincial Education Commission, and various prefectural and city CPC committees also attended the forum.

Hubei United Front Work Conference Concludes

HK1108034790 Wuhan Hubei Provincial Service in Mandarin 1130 GMT 10 Aug 90

[Text] The five-day Hubei Provincial Conference on United Front Work concluded in Wuchang today.

The conference demanded that CPC committees at all levels conscientiously study and implement the spirit of the conference and formulate specific measures aimed at strengthening united front work in light of local conditions.

The closing session was presided over by Zhao Fulin, deputy secretary of the Provincial CPC Committee, and he delivered a speech. Song Kun, deputy director of the United Front Work Department, and Mu Changsheng, director of the United Front Work Department of the Hubei Provincial CPC Committee, also delivered speeches.

Ding Fengying and Zhang Xueqi, members of the Standing Committee of the Provincial CPC Committee, and Shen Yinluo, chairman of the Provincial CPPCC Committee, also attended the closing session of the conference.

The conference pointed out that all areas must attach great political importance to united front work and conscientiously study and implement, to the letter, the spirit of the conference. Leading cadres of the CPC committees and people's governments at all levels must

spend more time on studying the speech made by General Secretary Jiang Zemin at the National Conference on United Front Work; the spirit of the National Conference; and the spirit of the Provincial Conference so as to heighten understanding of, and ideologically attach importance to, united front work.

The conference stressed that party and government leaders must take the lead in publicizing united front work theories and policies, strive to train a qualified contingent of workers in a planned way, and conduct in-service training among cadres on a regular basis.

The conference held that party schools must teach united front work theories to party and government cadres at and above county levels, so as to enable them to publicize theories and policies in order that more people will understand and support the work.

The conference stressed that the CPC committees must steadfastly adhere to the principle of long-term coexistence, mutual supervision, showing utter devotion to each other, and sharing honor and disgrace by actively supporting various democratic parties and public figures without party affiliation to participate in government and political affairs; and respecting and giving full play to the role played by democratic parties in political consultation and democratic supervision.

The conference pointed out that the CPC committees at prefectural, autonomous prefectural, city, and county levels must continue to persist in and perfect various existing democratic consultation systems, including the system under which principal leaders of the CPC committees at these levels hold democratic consultations with democratic parties and public figures without party affiliation on a regular basis. The people's governments must also strengthen links with democratic parties and public figures without party affiliation, report the local situation to them, listen to their views and proposals, and create conditions for them to make contributions to local development.

The conference called on all the comrades concerned to support and help various democratic parties strengthen their own organizational building, help them solve problems and overcome difficulties, and create better working and living conditions for them.

The conference pointed out that the CPC committees must place high on their work agendas, the training, selecting, and promoting of non-CPC cadres, and appoint more non-CPC cadres to leading positions in various government departments at the end of this year and the start of next year.

The conference demanded that the CPC committees practically strengthen organizational, as well as personnel building of united front work departments, at all levels, and appoint politically and professionally qualified and honest comrades to leading positions.

Leading comrades of various prefectural, autonomous prefectural, city, and county CPC committees, directors of various united front work departments, chairmen of various CPPCC committees, and leaders of provincial departments concerned and institutions of higher learning attended the closing session of the conference.

Southwest Region

Yunnan CPC Committee Meets, Elects Leaders

Pu Chaozhu Named Secretary

OW1108015590 Beijing XINHUA Domestic Service
in Chinese 1142 GMT 8 Aug 90

[By reporter Luo Ping]

[Text] Kunming, 8 Aug (XINHUA)—The Fifth Yunnan Provincial CPC Committee held its first plenary session this afternoon [8 August]. Comrade Pu Chaozhu was elected secretary of the Fifth Yunnan Provincial CPC Committee. The session also elected He Zhiqiang (Naxi nationality) and Yin Jun (Bai nationality) as deputy secretaries of the committee.

On the same day, Li Xingwang was elected chairman of the Provincial Advisory Commission and Qiu Chuang-qiao [6726 0482 2403] was elected secretary of the Provincial Discipline Inspection Commission.

Further on Plenary Session

HK1008112490 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 9 Aug 90

[Excerpt] The Fifth Yunnan Provincial CPC Committee held its first plenary session in Kunming on 8 August. The plenary session was presided over by Comrade Pu Chaozhu. Members of the Fifth Yunnan Provincial CPC Advisory Committee and the Fifth Yunnan Provincial Discipline Inspection Commission also attended the session as guests.

The session elected through secret ballot a 10-member Standing Committee of the Fifth Yunnan Provincial CPC Committee. The session also elected secretary and deputy secretaries of the Fifth Yunnan Provincial CPC Committee.

The session approved appointments of chairman, vice chairmen, and standing committee members of the Fifth Yunnan Provincial CPC Advisory Committee, as well as secretary and deputy secretaries of the Fifth Yunnan Provincial Discipline Inspection Commission.

Pu Chaozhu, the newly elected secretary of the Fifth Yunnan Provincial CPC Committee, delivered a speech at the session. In his speech, Comrade Pu Chaozhu expressed heart-felt thanks to all the comrades attending the first plenary session for supporting him and electing him secretary of the Fifth Yunnan Provincial CPC Committee.

On behalf of all the members of the Standing Committee of the Yunnan Provincial CPC Committee, Comrade Pu Chaozhu pledged to continue to rely on the CPC organizations at all levels, the broad masses of the CPC members, and people of all nationalities in Yunnan in carrying out all types of work and to remain modest and prudent, implement to the letter all the resolutions adopted by the Fifth Yunnan Provincial CPC Congress, accomplish all the tasks put forward by the Fifth Yunnan Provincial CPC Congress, and strive to promote Yunnan's economic development in order to live up to the high expectations of both the party and the people.

Comrade Pu Chaozhu also called on all the comrades in Yunnan to strengthen inner-party unity, overcome all types of difficulties, and strengthen combat effectiveness and unifying force of the CPC organizations at all levels.

Comrade Pu Chaozhu said that each and every CPC member, especially the CPC cadres, must safeguard unity within the CPC. To this end, all the comrades in Yunnan must further strengthen organizational building of the CPC committees at and above county levels, conscientiously carry out criticism and self-criticism as well as ideological struggle, and persist in and perfect the system of democratic centralism. [passage omitted]

Advisory Committee Elects Chairman

HK1008125090 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 9 Aug 90

[Text] The following is a list of newly elected chairman and members of the Standing Committee of the Yunnan Provincial CPC Advisory Committee:

Chairman: Li Xingwang;

Standing Committee Members: Li Xingwang, (Hou Chengying) (Female), Dang Xiangmin, Wang Jian, and Chen Shengnian.

Advisory Committee Plenary Session

HK1008115490 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 9 Aug 90

[Text] The Fifth Yunnan Provincial CPC Advisory Committee held its first plenary session in Kunming on 8 August. Entrusted by the Presidium of the Fifth Yunnan Provincial CPC Congress, Comrade Li Xingwang presided over the plenary session.

The plenary session elected through secret ballot a five-member Standing Committee of the Fifth Yunnan Provincial CPC Advisory Committee, as well as chairman of the Fifth Yunnan Provincial CPC Advisory Committee.

Li Xingwang, the newly elected chairman of the Fifth Yunnan Provincial CPC Advisory Committee, delivered a speech at the plenary session.

In his speech, Comrade Li Xingwang expressed full support to the newly elected Fifth Yunnan Provincial CPC Committee and pledged that the Fifth Yunnan

Provincial CPC Advisory Committee will strictly abide by the CPC Constitution by acting as competent political advisers and assistants to the Yunnan Provincial CPC Committee and will continue to support the work of the Yunnan Provincial CPC Committee, safeguard the collective leadership of the Yunnan Provincial CPC Committee, closely adhere to the CPC's basic line of one center, two basic points, strive to accomplish all the tasks put forward by the Fifth Yunnan Provincial CPC Congress for the next five years, carry out work in a down-to-earth manner under the leadership of the Yunnan Provincial CPC Committee, fully develop the role of the Yunnan Provincial CPC Advisory Committee, and make greater contributions to Yunnan's development.

Standing Committee Elections

HK1008124090 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 9 Aug 90

[Text] The following is a list of a newly elected secretary, deputy secretaries, and members of the Standing Committee of the Fifth Yunnan Provincial CPC Committee:

Secretary: Pu Chaozhu;

Deputy Secretaries: He Zhiqiang, (Na Xizhu), Yin Jun, and (Bai Ru);

Standing Committee Members: Pu Chaozhu, He Zhiqiang, (Na Xizhu), Yin Jun, (Bai Ru), Zhao Simin (Female), Qiu Chuangjiao, Ren Keli, Yang Binqian, Bao Yongkang, (Wang Guangxian), and Zhu Cunyou.

Discipline Commission Elects Secretary

HK1008125490 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 9 Aug 90

[Text] The following is a list of the newly elected secretary, deputy secretaries, and members of the Standing Committee of the Yunnan Provincial Discipline Inspection Commission:

Secretary: Qiu Chuangjiao;

Deputy Secretaries: Chen Kaixue, Wu Huacai, Li Shuzu;

Standing Committee Members: Qiu Chuangjiao, Chen Kaixue, Wu Huacai, Li Shuzu, Yu Yangchang, Li Jinghua, Su Puyu (Female), and Zhang Jintang.

Inspection Commission Meets

HK1008120190 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 9 Aug 90

[Text] The Fifth Yunnan Provincial Discipline Inspection commission held its first plenary session in Kunming on 8 August. Entrusted by the Presidium of the Fifth Yunnan Provincial CPC Congress, Comrade Qiu Chuangjiao presided over the plenary session.

The plenary session elected through secret ballot a seven-member standing committee of the Fifth Yunnan Provincial Discipline Inspection Commission, as well as

secretary and deputy secretaries of the Fifth Yunnan Provincial Discipline Inspection Commission.

Qiu Chuangjiao, the newly elected secretary of the Yunnan Provincial Discipline Inspection Commission, delivered a speech at the plenary session. In his speech, Comrade Qiu Chuangjiao said that the Fourth Yunnan Provincial Discipline Inspection Commission and the broad masses of discipline inspection cadres in Yunnan had worked hard for years and achieved marked results in improving party style and eliminating corruption. They had made important contributions to Yunnan's party-building work. Their fruitful work has been fully recognized and affirmed by cadres at all levels, as well as the broad masses of the CPC members in Yunnan.

Comrade Qiu Chuangjiao stressed that the newly elected Yunnan Provincial Discipline Inspection Commission should inherit and develop the fine style and fine traditions of its predecessor and strive to accomplish all the tasks put forward by the Fifth Yunnan Provincial CPC Congress.

Comrade Qiu Chuangjiao said that at present great efforts must be made to conscientiously implement to the letter the spirit of the Fifth Yunnan Provincial CPC Congress, continue to carry out investigations into and crack major and serious corruption cases, and help the CPC committees at all levels in Yunnan to carry out a general examination of their work style with a view to putting an end to the malpractice of party and government cadres building private houses for themselves by violating party disciplines or state laws. The discipline inspection organizations at all levels in Yunnan must also practically solve those serious problems that have caused strong resentment among the broad masses of the people, carry out work in a down-to-earth manner, and further strengthen their work in the future.

North Region

Vice Governor on Industrial Production

SK1208134490 Shijiazhuang HEBEI RIBAO
in Chinese 9 Jul 90 p 1

[Text] On 7 July, the provincial government held a provincial telephone conference on industrial and communications production to analyze the industrial production situation in the first half of this year and to make arrangements for the economic work in the second half of this year. The conference mobilized the vast number of cadres, workers, and staff members throughout the province to enhance spirit, work hard, strengthen leadership, intensify management, and fight a decisive battle in the third and the fourth quarters in order to ensure a steady growth in industrial production throughout the province.

After summarizing the industrial production situation in the first half of this year, Provincial Vice Governor Song Shuhua pointed out: Although the province's industrial

production situation is gradually taking a favorable turn, the currently existing problems remain extremely conspicuous. We should correctly approach the current situation in industrial production. Since the launching of the economic rectification drive, our province has scored achievements in reducing investment, controlling demands, stabilizing prices, and cooling down the overheated economic growth. Since the beginning of this year, the provincial price index of retail sales has shown a minus increase rate. In May, the provincial price index of retail sales declined by 1.4 percent from the corresponding period last year. This shows that the party and the government are really able to command the whole situation. Therefore, we should be confident in boosting the current industrial production.

Song Shuhua pointed out: We should expand three channels and open up three markets with a view to relieving the situation of market sluggishness. By expanding three channels, we mean expanding the predominant channel of the state-run cooperative commerce, the channel of self-marketing by enterprises, and the multi-channel of collectively run and individual industrial and commercial households. We should work along all of these three channels to enliven circulation. By opening up three markets, we mean opening up the production-oriented consumption market, the livelihood-oriented consumption market, and the international market. We should positively propagate and correctly guide the appropriate consumption, relax control over institutional purchases to an appropriate extent, and use appropriate consumption to bring along marketing and production. We should seize the opportune moment to do our work well, utilize various forms to edge our way into the world market, and strive to export more products and earn more foreign exchange. The funds needed to open up markets and enliven circulation should be raised through various channels by tapping potential of various fields.

Song Shuhua pointed out: The readjustment of product mix must be carried out on the prerequisite of developing brand-name, quality, new, and special products. In this respect, we should pay attention to the following three tasks: 1) screening a number of products that should be supported on a priority basis; 2) selecting a number of products that should be developed on a priority basis; and 3) defining a number of products that should be eliminated. Such products must be cut off through resolute measures.

Song Shuhua pointed out: In launching the campaign of "increasing production and practicing economy, and increasing revenues and cutting expenditures" in order to increase economic returns, we should attach importance to the following five tasks at the moment: 1) We should continue to grasp the profit-making work of large profit and tax payers. 2) We should unfailingly grasp those projects that were completed and went into operation recently. 3) We should strengthen enterprise management and tap potential of existing enterprises. 4) We should actually help money-losing enterprises in halting

deficits. And 5) we should mobilize workers and staff members to profoundly conduct the mass campaign of making proposals for rationalization and the technological renovation activity. We should pool the wisdom and efforts of everyone to boost industrial production and improve economic efficiency.

Finally, Provincial Vice Governor Ye Liansong called on responsible comrades of various departments at various levels to go deep into the grass roots, change their style of work, overcome the defects of giving only vague and general directions and doing superficial work, go to those enterprises with numerous problems and grave difficulties to conduct investigations and studies and discover problems, and help these enterprises solve problems. Responsible comrades of various departments at various levels should also use their own actions to arouse the initiative and creativity of the workers and staff members, and should work hard together with them to boost industrial production.

Hebei Secretary at Ceremony for New Book

SK1308014790 Shijiazhuang HEBEI RIBAO
in Chinese 13 Jul 90 p 1

[Text] "Hebei of Contemporary China"—a historical and scientific book focusing on socialist economic construction—was recently published by the Chinese Social Science Publishing House. A ceremony to mark the beginning of distribution of the book was held in Shijiazhuang, the provincial capital, on the morning of 12 July. Attending the ceremony were Xing Chongzhi, Li Wenshan, Lu Chuanzan, Yang Zejiang, Guo Zhi, Ye Liansong, Chen Yujie, Han Licheng, Wang Zuwu, and Ren Peiyu; members of and advisers to the compilation committee for the book; and responsible comrades of the press and publication, propaganda, and culture departments of the capital.

At the ceremony, the compilation committee presented the book to provincial leading comrades. Xing Chongzhi, secretary of the provincial party committee, delivered a "congratulatory speech." Xing Chongzhi said: "Hebei of Contemporary China" is a book on the scientific contemporary history of Hebei, and also an important teaching tool for teaching patriotism and socialism. Publication of this book will provide something for Hebei to draw lessons and inspirations from in its endeavor of socialist construction. He urged all localities and departments to do a good job in soliciting subscribers and distributing the book so that the masses of readers can have it at an early date.

"Hebei of Contemporary China" is a volume of "Contemporary China"—a large-scale book series compiled and published with the approval of the Secretariat of the CPC Central Committee. Thanks to the guidance, concern, and support of the provincial party committee and government, the book was compiled by the personnel organized from various quarters after some three years of effort and after many changes to the draft. Consisting of 7 sections divided into 49 chapters, the book is

composed of four parts: a preface, a general introduction, a chronology, and the conclusion, and has 160 color pictures. This book is divided into two volumes, totaling 1.01 million characters.

"Hebei of Contemporary China" records the course of development of Hebei's socialist economic construction in the 36 years from the time New China was founded to the time the Sixth Five-Year Plan was successfully completed. It gives a concise introduction to the development of the various fronts, major trade and major cities of our province, and their characteristics. The principle of seeking truth from facts was adhered to when compiling this book, which fully affirms the tremendous achievements in the socialist economic construction of our province on the one hand, and reflects the tortuous course of our economic construction, and summarizes experiences and lessons on the other hand. The book uses full and accurate historical data to prove the thesis that only socialism can save China and only socialism can develop China, and that this is an absolute truth. As a scientific work, the book also provides, at a higher level, a "window" to all friends at home and abroad who are willing to understand Hebei.

Liu Ronghui, Standing Committee member of the provincial party committee and provincial vice governor, presided over the ceremony. On behalf of the compilation committee, Xu Chunxing, one of the editors of the book and vice chairman of the provincial committee of the Chinese People's Political Consultative Conference, gave an explanation about the purpose, significance, and process of compiling the book, and the structure, style, and characteristics of the book.

Xing Chongzhi Preface to Book

SK1308013790 Shijiazhuang HEBEI RIBAO
in Chinese 13 Jul 90 p 1

[Text] Xing Chongzhi, secretary of the Hebei Provincial Party Committee, wrote the preface to the recently published book entitled "Hebei of Contemporary China." Following is the full text of the preface.

Known as Yanzhao in ancient times, Hebei has a long history and is rich in natural resources. During the long past period of historical development, sons and daughters of Yanzhao worked assiduously with no fear of hardships and dangers, thus making valuable contributions to the brilliant and splendid Chinese culture. During the modern times of the historical development, Hebei's people, led by the CPC, scored immortal deeds for establishing New China. After the establishment of the CPC, Hebei Province entered the period of large-scale socialist economic construction. The 36 years from 1949 to 1985 were merely a short period as compared with the long river of historical development. But, during those years, tremendous changes took place in the outlook of Hebei, changing from an agriculture-oriented province with an extremely weak industrial foundation and a backward economic foundation to a province with simultaneous development of industry and agriculture,

with a fairly solid foundation of materials and technology, and with an initially prosperous and thriving economy. During the process of development, the province traveled a tortuous road, suffered many setbacks, experienced some mistakes, and paid a price for them. However, the achievements in the socialist economic construction made by scores of millions of people are obvious to all, and are not open to doubt.

"Hebei of Contemporary China" is a historical and scientific work with economic construction as its focus. It has primarily recorded the historical development of Hebei Province's socialist economic construction during the 36 years from the establishment of New China to the completion of the Sixth Five-Year Plan. Consisting of four parts—preface, general introduction, chronology, and conclusion—this book has concisely reflected the development and characteristics of all fronts, various major trades, and various major cities in Hebei Province. This book is not only a contemporary history, but is also important teaching material for cadres, which can be used as reference and enlightenment. It is also a valuable gift to those comrades and friends in the province, the country, and the world to understand, show concern for, support, build, and invigorate Hebei. The publication of this book merits our congratulations.

The people are paying attention to studying the past of Hebei, but are all the more concerned with the future of Hebei. And the study of the past is precisely to serve the future. Located in the eastern coastal part of the country and around the capital of the great motherland—Beijing—Hebei Province is the only way for various localities in the country to reach Beijing, it is a hub linking northeast China with various provinces, municipalities, and autonomous regions inside Shanhaiguan, and is the passage for Shanxi, Inner Mongolia, and the vast northwest China to Tianjin and Qinhuangdao harbors. Such geographical conditions are unique in the country. At present, the historical development has entered a new stage. We should persist in the one central task and the two basic points, and strive to build socialism with Chinese characteristics, under the guidance of the CPC's theory of the initial stage of socialism and the basic line of this stage. We should proceed from reality in doing everything, take full advantage of Hebei's favorable conditions, define the strategic ideology of invigorating Hebei through science and technology, and vigorously improve science and technology, as well as the economic management level. We should also accelerate the construction of the Qinhuangdao-Tangshan-Cangzhou Open Area around Bohai Bay, lay emphasis on developing an export-oriented economy, and strive to promote the sustained and steady development of the provincial economy. We, the 57 million sons and daughters of Yanzhao, should further emancipate our minds, change our viewpoints, enhance our concept of opening to the outside world and the concept of competition, and strengthen our senses of mission, urgency, and responsibility. We should also keep sober-minded at all times, seize all favorable opportunities to

make renovations, be brave in making progress, go forward in the process of reform, catch up with the advanced in the process of competition, and strive to write a new chapter to the history of Hebei!

Xing Chongzhi Hails Family Planning Models

*SK1208224790 Shijiazhuang HEBEI RIBAO
in Chinese 12 Jul 90 p 1*

[Text] On the morning of 11 July, more than 2,000 persons from various circles of Shijiazhuang City assembled together at the city workers' cultural palace to mark the 10th anniversary of the issuance of the "CPC Central Committee's open letter on controlling China's population growth to all members of the Communist Party and the Communist Youth League" and to mark the "World Population Day."

With red silk draped over their shoulders and flowers pinned on their chests, more than 300 female representatives advanced in implementing the family planning policy in urban and rural areas of the provincial capital were honorably seated in the front row of the meeting hall. Leading Comrades Xing Chongzhi, Li Wenshan, Guo Zhi, Li Haifeng, and Han Licheng extended congratulations to them. These representatives issued a written proposal to all couples of child-bearing age, calling on them to respond to the party's call and conscientiously implement the family planning policy.

In his speech, Han Licheng, Standing Committee member of the provincial party committee and director of the propaganda department of the provincial party committee, emphasized: Party committees and governments at all levels should put the family planning work in an extremely important position, strengthen the senses of urgency and responsibility in controlling population growth, and better study, propagate, and implement the basic guidelines of the open letter. At present, we should emphatically stress the basic work of family planning, enhance the ability of controlling the first line of rural areas, and try every possible means to attain this year's population target. All Communist party members, Communist Youth League members, and cadres at all levels should set an example and take the lead in practicing family planning, implementing the family planning policy, doing propaganda among the masses, and serving the masses. We should combine the solution to ideological problems with the solution to practical problems, and should initiate social insurance undertakings related to family planning. We should not only effectively control population growth, but also maintain close ties between the party and the masses and between cadres and the masses in order to promote stability and unity. We should firmly and unswervingly implement the party's present policies concerning family planning. We should incorporate family planning work with the orbit of the legal system. The family planning work must be commonly grasped and managed by all forces in society,

and must be comprehensively administered through administrative, economic, educational, legal, and technical means.

Northeast Region

Shenzhen Delegation Visits Heilongjiang

SK1108040190 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 10 Aug 90

[Text] This morning, a 16-member investigation delegation from Shenzhen paid an official visit to the Heilongjiang Provincial party committee and the provincial government at the Huayuncun Guesthouse. (Lin Zujin), member of the Standing Committee of the Shenzhen City party committee and secretary general of the city party committee, on behalf of the Shenzhen City party committee and government, expressed thanks to Heilongjiang Province for its active support in the past to the special economic zone.

He Zhukang at Bidding on Scientific Projects

SK1208121490 Changchun Jilin Provincial Service in Mandarin 0930 GMT 7 Aug 90

[Text] On the morning of 7 August, the provincial planning and economic commission and the provincial scientific and technological commission jointly sponsored a public bidding in the city of Changchun with regard to projects tackling the scientific and technological difficulties encountered by enterprises. There are 180 projects that have been released to public bidding with regard to tackling the technical difficulties encountered by enterprises. These are on the fronts of light industry, textile industry, machine-building industry, construction industry, petrochemical industry, metallurgical and casting industry, and grain-processing industry.

These projects deal with problems cropping up on the forefront of practical production, which urgently need to be dealt with.

Representatives from the higher educational institutions in Changchun City attended the public bidding, carefully heard the project releases, and (were considering contracting the projects as they wish).

He Zhukang, secretary of the provincial party committee, and Wang Yunkun, vice governor of the province, attended the public bidding and delivered speeches in which they emphatically pointed out that the scientific research units and higher educational institutions should, in line with their technical strong points and specialties, organize their scientific and technological personnel to contract the projects. As for some key projects, they urged these units and institutions to break down their barriers of professional work and (to coordinate with each other) so as to make contributions to the province's economic construction with the highest technological criteria, the best technical conditions, and the best results in tackling the technical difficulties.

Enterprises that have encountered technical difficulties should inform these units and institutions about their situation in tackling their technical difficulties, such as about technological targets, time limits, guarantee conditions, and [words indistinct], and should strive to cooperate with them so as to produce an effect in the public bidding and to promote the progress in the province's scientific and technological work.

Liaoning Industrial Production Growth Noted

SK1208051490 Shenyang LIAONING RIBAO in Chinese 14 Jul 90 p 1

[Summary] Liaoning Province's industrial production continued to rise in June. The industrial enterprises realized 8.405 billion yuan of output value in June, a 1.8 percent increase over the same month of 1989. Of this increase in June, that of export commodities was large. Industrial enterprises at or above the township level throughout the province, which are turning out export commodities, realized 870 million yuan of output value in June, a 15.8 percent increase over the same month of 1989. Cities, counties, and districts on Liaoning Peninsula realized 3.317 billion yuan of export commodities's output value in June, a 14.5 percent increase over the same month of 1989.

Northwest Region

PLA Commander Attends County Anniversary

HK1008050390 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 9 Aug 90

[Excerpt] On 9 August, the sunlight was bright, colored flags fluttered, and there was a deafening sound of gongs and drums in every corner of Subei Mongol Autonomous County. With a feeling of joy, the people of all nationalities throughout the county held a gathering to fervently mark the 40th anniversary of the founding of the autonomous county.

Zhang Wule, member of the Provincial Party Committee Standing Committee and vice governor, forwarded the regards of the provincial party committee, the provincial advisory commission, the provincial people's congress, the provincial government, the provincial Chinese People's Political Consultative Conference [CPPCC], and the provincial military district to the people of Subei. Yang Fuxing, vice chairman of the provincial people's congress, and Sun Cuiping, commander of the provincial military district, also came among the people of all nationalities of Subei. On behalf of the National People's Congress [NPC] Nationalities Committee and the State Nationalities Affairs Commission, (Yang Yixing), director of the Political Law Department of the State Nationalities Affairs Commission, came to extend greetings.

The provincial party committee, the provincial government, the NPC Nationalities Committee, and the State Nationalities Affairs Commission, respectively, sent congratulatory messages and telegrams here. Li Ziqi,

secretary of the provincial party committee, and Jia Zhijie, governor, jointly sent a congratulatory telegram. The representatives of the departments concerned of the provinces and regions, including Qinghai, Nei Mongol, Xinjiang, and Ningxia; and of the Mongolian language work leadership groups of eight provinces and regions attended the celebrations. [passage omitted]

Gansu Secretary Attends Theory Report Meeting

HK1108033390 Lanzhou Gansu Provincial Service
in Mandarin 2200 GMT 9 Aug 90

[Text] On 8 August, in order to strengthen socialist theoretical studies among party cadres and members in Gansu, especially those at and above county level, the Propaganda Department of the Gansu Provincial CPC Committee and the Provincial Party School jointly invited research fellow Xing Benshi, vice president of the Central Party School, to give a lecture on socialist theories to leading cadres at provincial department and bureau levels at a meeting held here in Lanzhou.

Comrade Xing Benshi expounded on the emergence, formation, and development of socialism, as well as its nature, characteristics, and superiority from the viewpoint of historical materialism.

He said that only by taking the socialist road will China be able to advance toward greater development and prosperity. It must steadfastly advance forward along the socialist road in the future. The replacement of capitalism by socialism is an inevitable outcome of historical development. Through self-development and self-perfection, socialism will certainly prevail in the east in a new form.

Provincial party and government leaders, including Li Ziqi, Wu Jian, Liu Yuhuan, Yang Zhenqi, and others, attended the report meeting that was presided over by Yan Haiwang, deputy secretary of the Gansu Provincial CPC Committee.

CPC Committee Secretary Li Ziqi also delivered a speech, in which he demanded that cadres at all levels in Gansu, especially leading party leaders, attach great importance to theoretical studies, take the lead in studying Marxism, follow a correct political orientation, distinguish right from wrong, and consciously resist bourgeois liberalization.

Qinghai Secretary Meets CPPCC Inspection Team

HK1108034890 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 9 Aug 90

[Text] A 51-member inspection team sent by the CPPCC [Chinese People's Political Consultative Conference] National Committee headed by Comrades Wang Yantang and Gao Ge arrived in Xining on 8 August.

Shang Jiejia, deputy secretary of the Qinghai Provincial CPC Committee; Ma Dingli, provincial vice governor; Han Yingxuan, vice chairman of the provincial CPPCC

Committee; and responsible persons of various provincial departments concerned greeted the inspection team at the railroad station upon its arrival.

Yesterday evening, provincial leaders, including Yin Kesheng, Jin Jipeng, Ma Wanli, Huanjue Cailang, Ji Zhanbin, and Han Yingxuan, met with all the members of the inspection team.

On behalf of the provincial CPC Committee and the People's Government, Yin Kesheng, secretary of the provincial CPC Committee, extended a warm welcome to the members of the inspection team. Comrade Yin Kesheng said this is the first time that the CPPCC National Committee has sent an inspection team to Qinghai. He believed that the inspection team's visit to Qinghai will boost provincial development. Comrade Yin Kesheng said Qinghai Province is still economically backward. He expressed the hope that the inspection team will make valuable proposals aimed at promoting development.

The inspection team will officially begin its 10-day inspection today.

Qinghai Grain, Oil Purchase Conference Ends

HK1108074290 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 10 Aug 90

[Excerpt] The Qinghai Provincial Grain and Oil Crop Purchase Work Conference, which concluded yesterday, urged that controls be relaxed on grain and oil crop purchases with a view to purchasing more crops at negotiated prices and protecting the interests of the broad masses of grain-selling peasants.

The conference also urged various areas to actively carry out ideological and political work, mobilize the broad masses of peasants to sell more crops to the state, stabilize various existing crop purchase policies, and purchase more crops at negotiated prices this year.

The conference also revealed that various provincial banks, financial departments, and grain departments have done a lot of work in raising funds for this year's grain and oil crop purchase work. This year, Qinghai has appropriated special funds totaling 32 million yuan to support crop purchase work.

The conference urged grain departments at all levels to maintain close ties with various banks to ensure the provision of crop purchase funds. Financial departments at all levels must provide funds to support crop purchase work in a timely manner and strive to eliminate the IOU phenomenon in crop purchase work.

Vice Governor Bian Yaowu delivered a speech at the conference. In his speech, he called for strengthening grain and oil crop market management, fulfilling the state crop purchase quotas, ending all types of profiteering and speculation activities on the crop market, and implementing to the letter all the state policies in this regard.

Comrade Bian Yaowu also demanded that grain purchase departments at all levels further improve work style and service quality and facilitate the work of grain-selling peasants. [passage omitted]

Value of Shaanxi Export Earnings Rises

OW1208105590 Beijing XINHUA in English 0050 GMT
12 Aug 90

[Text] Xian, August 12 (XINHUA)—The value of exports from Shaanxi Province amounted to 273 million U.S. dollars in the first seven months of this year, according to statistics from the Economic and Trade Commission of this northwest China province.

The figure is an increase of 26.48 percent compared with that of the same period last year, said an official from the commission.

He said that the exported materials mainly include mechanical and electronic products, textiles, coal and minerals. These goods go to more than 100 countries and regions in Europe, the Americas and southeast Asia.

The export of mechanical and electronic products has increased markedly this year—21 percent more than in the same period last year, the official added.

Shaanxi Meeting on Industry, Communications

HK1108082490 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 10 Aug 90

[Excerpt] On 9 August, the Shaanxi Provincial People's Government held a telephone meeting on industrial and communications productions.

Vice Governor Liu Chunmao delivered a speech at the meeting. In his speech, he called on the broad masses of staff and workers on Shaanxi's industrial and communications production front to strengthen the sense of responsibility and urgency and practically increase production in a down-to-earth manner.

Comrade Liu Chunmao said that in order to fulfill this year's production quotas efforts must mainly be concentrated on the following three aspects:

1. To improve production by the end of August;
2. To recover losses and increase production output to the greatest possible extent;
3. To enable provincial industrial output value to reach 2.28 billion yuan in August;

Comrade Liu Chunmao said that in order to fulfill this year's industrial and communications production quotas, all comrades concerned must brace up, strengthen confidence, improve product marketing, deepen the campaign of double increase and double economy, eliminate triangle debts, practically strengthen leadership over industrial and communications productions, show more concern for the livelihood of the broad masses of staff and workers, and ensure production safety.

Liu Jianheng, director of the provincial Economic Affairs Commission, relayed the spirit of the recently concluded National Conference on Production Work at yesterday's meeting. [passage omitted]

Commentary on Impact of Mideast War on Economy

OW1108235390 Beijing in Mandarin to Taiwan
1500 GMT 9 Aug 90

[Station commentary: "Impact of the Middle East War on Taiwan Economy"]

[Text] During the past few days, all newspapers in Taiwan carried the news on the turbulence in the Middle East and Gulf region caused by the Iraqi invasion of Kuwait over other news on the island. Public opinion has focused its attention on the latest impact on Taiwan's economy as a result of the Kuwaiti incident. They believe that an oil crisis has already taken place, which will inevitably drive up oil prices and exert certain pressure on the island's industrial and commercial sectors, as well as the life of ordinary citizens. The so-called oil crisis is reflected mainly in the changes in oil prices.

On 2 August, Iraq unexpectedly seized Kuwait and threatened Saudi Arabia with large numbers of troops. Should Iraq gain the direct control of the main source of oil in this part of the world, oil price increases will be unavoidable. Taiwan's petroleum industry depends mainly on the Middle East for crude oil, with some 400,000 barrels of crude oil currently being imported daily. According to Taiwan's China Petroleum Corporation, tankers to ship oil from Kuwait for August have already left Taiwan. Whether or not they can arrive at Kuwait and smoothly receive the oil will depend on the development of the situation. Industrial stagnation caused by oil price increases and the war will have a direct impact on Taiwan's economy—particularly in view of the current blue light on the island's economic boom, which signals an imminent depression. Industrial and commercial enterprises share the consensus that the Gulf situation will trigger a chain reaction of oil and electricity price hikes. A readjustment of oil and electricity prices inevitably will be reflected in the production cost of industrial and commercial enterprises. In view of the difficulties already experienced by all trades, oil and electricity price increases undoubtedly will aggravate the hardships of traders and may worsen the economic situation.

Petroleum and petroleum products have penetrated all aspects of economic life. Oil price rises certainly will cause a general hike of all commodity prices. According to Taiwan's LIAN HE BAO [LIEN HO PAO], the main concern of the overwhelming majority of people is the trend of the price index. Currently the prices of some goods are ready to rise again, causing anxiety among the masses.

Because of the lack of resources, Taiwan depends heavily on foreign importation of raw materials. Although it possesses some economic strength and money, it is

devoid of feelings of security for long-range political and economic development. Since the beginning of this year, industrial and commercial sectors and enterprises universally have called for improving relations between the two sides of the Taiwan Strait and abolishing the Three No's policy to facilitate mutually supplementary and beneficially economic and trade exchanges and bring about a swift transformation of Taiwan's economy. However, acting abnormally and in contradiction to the aspirations of people of all circles, the Taiwan authorities have repeatedly clamored about the necessity of cooling down mainland fever and called for a so-called reexamination of the mainland policy. This is indeed regrettable.

Taiwan's current economic predicament deserves our sympathy. The Taiwan authorities should conform to the wish of the industrial and commercial sectors and public figures by thoroughly implementing the policy of establishing postal, transport, and trade relations so that the economies of the two sides of the strait can supplement each other and achieve common development to resist hardships and pressure coming from abroad.

Publication Officials Talk With Counterparts

OW0408000290 Beijing XINHUA in English
1332 GMT 3 Aug 90

[Text] Beijing, August 3 (XINHUA)—Xiao Qian, director of the Central Research Institute of Culture and History in Beijing, held discussions here today on promoting cultural exchanges across the Taiwan Strait with an editors delegation from the Taiwan Commercial press headed by its General Manager Zhang Lian-sheng.

This is the first time for the Taiwan press to send a delegation to the mainland in the past 40 years. At present the press is preparing to publish in Taiwan the "Sketch Series of Culture and History" compiled by the Central Research Institute of Culture and History.

According to its itinerary, the delegation would also visit the National Library of China, the Modern Chinese Literature Archives, Zhonghua Book Company, Beijing Commercial Press and some publishing houses in Shanghai and Guangzhou.

During the discussions, Xiao Qian said that his institute "promises full cooperation with its Taiwan counterparts in promoting more cultural exchanges between the mainland and Taiwan."

Zhang Lian-sheng said that his press would have closer ties with publication organizations on the mainland.

Those present at the discussions included Qi Gong, vice-director of the Central Research Institute of Culture and Research, and Kong Fanzhang, a famous mainland poet.

Security Stressed After Kuwait Invasion*OW1108050290 Taipei CNA in English 1515 GMT
10 Aug 90*

[Text] Taipei, Aug. 10 (CNA)—The Republic of China Government has reaffirmed the necessity of giving top priority to safeguarding national security in the wake of the Iraqi invasion of Kuwait.

President Li Teng-hui believed the Iraqi invasion of Kuwait had served as a warning to the Republic of China, which faces potential military threat from Communist China, Presidential Office Press Secretary Chiao Jen-ho told a press conference Friday [10 August].

That's why the President stressed Thursday in meeting with two congressional delegations from the United States that national security remained the Republic of China Government's "top priority" concern while Taipei sped along constitutional reforms, Chiao said.

President Li told his American guests that the Republic of China was committed to promoting political democratization and economic liberalization, but these efforts alone could not guarantee its national security according to the spokesman.

Since Peking had repeatedly refused to give up the option of taking Taiwan by force and had remained hostile to the Republic of China, "We, of course, must be careful" about any Chinese Communist threat, Chiao quoted the President as saying.

Plans Made to Purchase Iranian Oil*OW1108051190 Taipei CNA in English 1530 GMT
10 Aug 90*

[Text] Taipei, Aug. 10 (CNA)—The Chinese Petroleum Corp. [CPC] said Friday [10 Aug] it would buy 1.8 million barrels of crude oil from Iran.

Chinese Petroleum Corp. Vice President Chen En-li said his company made the decision for fear that it might not be able to get its supply from Kuwait.

Chen said Kuwait was supposed to supply CPC with 2.3 million barrels of crude petroleum each month. CPC would import the remaining 500,000 barrels needed from other Middle Eastern countries.

The state-run oil supplier was sure of the supply of crude for August and September, but Chen said he was not sure of the supply for October.

CPC stopped buying oil from both Iran and Iraq after they went to war with each other in 1980. Since the end of the war in 1988, however, both countries have been pushing for sales of their crude to the Republic of China.

Chinese Petroleum Corp. officials said that since Iraq was being denounced by the world community for its blitzkrieg invasion of Kuwait, CPC would be better to buy Iranian oil.

Commentary on Taiwan Review of Mainland Policy*HK1308034290 Hong Kong MING PAO in Chinese
13 Aug 90 p 9*

["Special Commentary" by Lin Pao-hua (2651 0202 5478): "Taiwan Reviews Its Policy Toward the Mainland"]

[Text] Recently, two events prompted the Taiwan authorities to review relations between the two sides of the strait, and Taiwan's "mainland fever" may thus be cooled down somewhat.

The first event was the establishment of diplomatic relations between Saudi Arabia and China, which was accompanied by the restoration of diplomatic relations between Indonesia and China and between Singapore and China. However, the cases of Indonesia and Singapore did not hurt Taiwan as much as the case of Saudi Arabia. Indonesia had eased up its relations with China three to four years ago, and Singapore had indicated many times that after Indonesia established diplomatic relations with China, it would follow suit; neither country had official diplomatic relations with Taiwan even though they both had good relations with it.

The second event was Iraq's aggression against Kuwait. Iraq's size of territory, population, and military strength were all much greater than Kuwait's, but Kuwait was much richer than Iraq. This was quite similar to the differences between Mainland China and Taiwan. Of course, Iraq and Kuwait are two sovereign states, but the two sides of the strait both affirm that there is only one China. So, one is an international issue, and the other is the internal affair of a country. However, Iraq does not now acknowledge that Iraq and Kuwait are two independent countries and argues that they both belonged to the same Arab empire in history, the capital of which was located in today's Baghdad from A.D. 750 to 1258. Therefore, Iraqi President Husayn dared to say that his action to invade and occupy Kuwait was aimed at "bringing Kuwait back into the motherland's embrace." He may invade and occupy any country in the territory of the ancient Arab empire by flaunting the banner of "reunification."

When reviewing the impact of these two events, Taiwan mainly concentrated its attention on two aspects.

Beijing's sale of low-cost missiles and other advanced weapons was admittedly one of the factors that lured Saudi Arabia into establishing diplomatic relations with Beijing, but the fact that both official and unofficial sectors in Taiwan fanatically tried to develop relations with the mainland in all fields, also prompted Saudi Arabia to establish official relations with Beijing. For Saudi Arabia, since Taiwan was also anxious to carry out "exchanges" and seek "reunification" with the mainland, why should it refuse to carry out exchanges and establish diplomatic relations with Beijing? Saudi Arabia had no commitment to Taiwan and did not need to wait for the reunification between mainland China and

Taiwan before it could establish official relations with Beijing. Since both the government and the public in Taiwan were anxious to develop exchanges with Beijing in all fields in order to gain benefit, why shouldn't Saudi Arabia, as an alien nation, do the same? This also had an impact on Indonesia and Singapore. If there was no objection from North Korea, the CPC authorities might have had long-established diplomatic relations with South Korea.

Another issue that Taiwan needed to review was whether the huge investment made by Taiwan in the mainland and the huge loans offered to them could slow down the mainland's process of "reunifying" Taiwan, or make it give up its attempt to use force against Taiwan. A lesson may be learned from relations between Iraq and Kuwait. When Iraq was fighting a war with Iran, Kuwait, Saudi Arabia, and other Gulf nations offered large amounts of loans to Iraq, thus preventing Iraq from being defeated by Iran. However, Iraq did not feel grateful, instead it used the loans to build up its military strength and took it as the foundation for attacking these Gulf countries. Iraq even exerted pressure of all kinds on Kuwait in order to repudiate the debts, and eventually dispatched troops to occupy it. Hong Kong offered large amounts of foreign exchange to the mainland, but this did not postpone the CPC leaders' determination to take Hong Kong back. So, if Taiwan businessmen make huge investments in the mainland, as some officials in the Taiwan authorities feared, the CPC authorities would in turn use these businessmen and their funds as a means of threatening Taiwan and exerting political pressure on the Taiwan government. Then, Taiwan would be bogged down in a difficult position in both political and economic fields, and Taiwan's military force would not be able to free it from the dilemma. Moreover, as this is China's "internal affair," foreign powers would not make any intervention, and the United Nations would not care about Taiwan either.

Therefore, Taiwan's pressing task of the moment should still be to promote the mainland's reform and opening up, as well as the tendency of democracy and freedom. If the CPC authorities continue to be a Husayn-style regime, Taiwan's mainland fever will only ruin Taiwan itself.

President Li Urges Increased Vigilance

*OW1208012090 Taipei CNA in English 1558 GMT
11 Aug 90*

[Text] Taipei, Aug. 11 (CNA)—President Li Teng-hui Friday [10 August] visited the Matsu Archipelagos where he urged the Republic of China Armed Forces to heighten their vigilance against military threats from the mainland, the Presidential Office reported Saturday.

According to a press release from the Presidential Office, President Li reached the archipelagos off the China mainland coast early Friday morning in the company of Interior Minister Hsu Shui-teh and General Chen Shen-lin, chief of the general staff.

The president inspected military posts and other facilities on the frontline islets of Tungyin, Liang and Matsu, the release said.

During the visit, Li repeatedly told the officers and soldiers there that "when it comes to the moment of life and death a nation can win the help of other nations only by self-reliance and self-help."

The Iraqi invasion of Kuwait has served as a warning lesson to the Republic of China on Taiwan, President Li said. "Richness cannot guarantee national security, nor can international justice reverse fait accompli."

Faced with an enemy who has repeatedly threatened that it would not rule out the option of taking Taiwan by force, the armed forces, especially the garrison troops on the frontline, should heighten their vigilance and be ready to defeat enemy adventure at any time, he said.

"We should be prepared for war and not avoid war; capable of fighting and not seek fighting," Li stressed.

The president also cautioned that vigilance should not be relaxed at a time when the relations between the two sides of the Taiwan Straits are changing.

National security is the foundation of all reconstructions, he stressed. "Only when we have strong defense capability, can we protect the bastion of national recovery and guarantee the success of constitutional reforms and various reconstructions."

President Li and his entourage returned to Taipei Saturday afternoon, according to the Presidential Office.

President Li Urges Support for Joining GATT

*OW1108055890 Taipei CNA in English 1535 GMT
10 Aug 90*

[Text] Taipei Aug. 10 (CNA)—President Li Teng-hui has expressed his concern over the Republic of China's [ROC] joining General Agreement on Tariffs and Trade (GATT) and hoped that more concrete actions from friendly countries will make it possible for the ROC to become a GATT member.

Chiao Jen-ho, press secretary of the Presidential Office, said Friday at a press conference that President Li thought that the Republic of China should be allowed to join GATT in view of the ROC's economic strength and its rising international trade.

Chiao said that the President expressed that position Thursday when receiving two groups of U.S. Congressmen.

President Li told the U.S. Congressmen that many countries have expressed their support for the Republic of China's bid to join GATT, but more concrete actions are needed.

President Li urged the United States, particularly, to take concrete actions in support of the Republic of China's bid to join GATT.

The ROC filed its application for joining GATT in the name of Taiwan, Penghu, Kinmen, and Matsu Customs Territory early this year.

Repatriation of Mainland Entrants Witnessed

OW1208014690 Taipei CNA in English 1603 GMT 11 Aug 90

[Text] Taipei, Aug. 11 (CNA)—The Defense Ministry Saturday [11 August] invited the press to visit an accommodation center for mainland Chinese detained for entering the Republic of China on Taiwan illegally.

Taiwan Garrison Commander Gen. Chou Chung-nan briefed the reporters on the procedures of repatriating the illegal entrants whom, he stressed, were given humanitarian treatment from start to end.

Sixty mainland Chinese were being sent back to the mainland after the defense and security authorities had investigated their motives for smuggling themselves into Taiwan.

Asked why they had tried to come to Taiwan, most of the 60 mainlanders said they wanted to find a job in Taiwan. Some said they were seeking their relatives here.

Before they boarded the boat that would carry them back to the mainland, some of them told the reporters, "We will come again."

Defense Minister Chen Li-an later inspected the center in Ilan, northeastern Taiwan in the company of Gen. Chou and cheered the officials for their efforts in taking care of the illegal entrants.

He said the government had to repatriate the mainland entrants, who attempted to find a better life here, because "we have too many people but too little land."

The minister deplored the tragic incident in which 25 mainland Chinese were found having suffocated to death off Fukien after being deported from Taiwan last month.

Committee Announces Early Elections for Assembly

OW1108131890 Taipei International Service in English 0200 GMT 8 Aug 90

[Text] The Central Election Committee stated on Tuesday [7 August] that the next election of national assemblymen will be moved up by one year to the end of 1991.

The committee also stated that the law does not state that the elections cannot be changed. Therefore, the early election will be constitutional.

The committee also noted that the future abolishment of the Temporary Provisions to the Constitution ("will not) affect the length of term of supplementary assemblymen. However, to make the assembly more representative of the people of the Republic of China, elections will be [words indistinct].

Ministry Changing Security, Demonstrations Laws

OW1108131590 Taipei International Service in English 0200 GMT 9 Aug 90

[Text] The Interior Ministry is currently carrying out work related to amending the National Security Law and the Demonstrations and Assemblies law.

Vice Interior Minister Chen Meng-ling stated on Wednesday [8 August] that new articles will be added to the Demonstrations and Assemblies Law, increasing the responsibilities of the person that applies for demonstration permit.

Chen said that the major reason for the amendments is so that the laws can be functional after the abolishment of the temporary provisions of the constitution.

Chen said that in relation to the National Security Law, regulations prohibiting the endorsement of communism, articles on prohibiting the division of the motherland, and entry and exit regulations will remain unchanged.

Stalled Nuclear Power Plant Project Supported

OW1108043690 Taipei CNA in English 0247 GMT 11 Aug 90

[Text] Taipei, Aug. 11 (CNA)—Amidst fears of an energy crisis, the Taiwan Power Company is prepared to resume the construction project of its fourth nuclear power plant, which has been stalled for 10 years by pressure from various groups.

Taipower would invite legislators and their aides to visit Kungliao in Taipei County, the selected construction site of the controversial nuclear power plant.

The visit, a Taipower spokesman said, would help them understand the importance of the nuclear power plant to the Republic of China's further economic development.

During their visit, Taipower nuclear engineers would explain to the lawmakers how the nuclear power plant would operate so as to help alleviate fears about possible nuclear accidents.

Taipower said it had not ceased its efforts to communicate with the people of Kungliao and would continue to do so.

In order to better understand the public's opinion, Taipower will make a public survey next month in Kungliao.

In a cabinet meeting Thursday Premier Hao Po-tsun asked that the nuclear power plant be constructed to cope with the anticipated energy shortage, but that people's fears must first be put to rest.

North Korean 'Spy' To Face Tribunal

HK1108013190 Hong Kong SOUTH CHINA
MORNING POST in English 11 Aug 90 p 1

[By Barry Grindrod]

[Text] A man the Hong Kong Government claims is a North Korean spy who shared a flat in Macao with the female terrorist who blew up a KAL airliner three years ago, will appear before an immigration tribunal panel on Monday to fight deportation.

The alleged spy, whose name has not been revealed, will claim, it is understood, that he is Chinese and a resident of Hong Kong, having arrived during the 1970s when the "touch-base" policy was in effect.

This gave all mainland immigrants the right of abode once they arrived in the territory and registered as local residents.

In a rare departure from normal procedure, Monday's hearing will be held in public.

It is understood Security Branch officers have travelled extensively in an attempt to piece together the man's alleged undercover activities which included close contact with Kim Hyon-hui, the North Korean agent who admitted blowing up the Seoul-bound KAL flight with an accomplice, killing all 115 on board.

Her accomplice committed suicide by biting a cyanide pill soon after being arrested in Bahrain but Kim was sentenced to death, later having the sentence commuted to life imprisonment.

During her debriefing in South Korea, Kim said she had spent more than 18 months in Guangzhou and Macao as part of her training in espionage and sabotage work.

Part of her mission in Guangzhou was to learn Putonghua and Cantonese and the way of life as a Chinese. She went to Macao for further familiarisation. She returned to Pyongyang via China later that year.

She said she had used a North Korean passport in Guangzhou and fake Japanese documents during her stay in Macao during 1986 and 1987.

North Korea established a foothold in Macao in 1975 with the setting up of a curio shop in the centre of the Portuguese enclave.

In 1986, the North Korean Government bought a small restaurant which, it was claimed, has been the regular meeting place for North Korean agents.

It has been suggested that it was there that the plan to blow up the ill-fated KAL airliner was hatched. And a few years ago a Canadian court heard from two defendants in a conspiracy trial how they had been present at the restaurant when plans were drawn up to assassinate South Korea's prime minister.

There has been a growing North Korean presence in Macao in recent years which has been known to concern diplomats in Hong Kong. North Koreans are not allowed visas for the territory.

It is felt Macao is an ideal place for North Korea's covert operations as it provides easy access to the non-communist world from China, one of its few allies.

The relaxed atmosphere of the enclave allows agents to continue their operations in strict secrecy.

It is estimated there are more than 50 North Koreans in Macao with enterprises ranging from restaurants to herbal medicine shops selling aphrodisiacs.

A consul at the Korean Consulate General in Hong Kong, Mr Sung Soo-park, said he had no knowledge of Monday's hearing. "But, of course, now we know we are most interested," he added.

A spokesman for the Immigration Department said it was not their policy to discuss individual cases.

Editorial on PRC's 'Expansionary Mood'

HK1208010090 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 12 Aug 90 p 14

[Editorial: "China Finds New Expansionary Mood"]

[Text] China appears to be taking all the necessary diplomatic steps to enhance and increase its profile in the Southeast Asia region. The visit to Indonesia, Singapore and Thailand by Premier Li Peng to reconcile with the first, to explore formal relations with the second and to reaffirm friendship with the third lends the nation much-needed prestige within the region 14 months after its suppression of dissent at home.

Southeast Asia today presents China with perils and opportunities. As the United States assesses its future in the region and considers the real possibility that its lease on Subic and Clark bases in the Philippines may not be renewed, a power vacuum could arise that China is poised to fill. Even if the U.S. should stay in the Philippines, home to the largest American naval contingent overseas, it could in time lessen its commitment because it no longer regards the region as a flashpoint.

The old domino theory has finally collapsed with the U.S. negotiating directly with Vietnam over Cambodia and with the Americans eager to enlist prosperous Japan in the defence of Southeast Asia. Though China welcomes limited Japanese influence and unlimited investment, it will never again accept a militarily resurgent Japan.

Beijing has long felt that it has a special role in Southeast Asia. Back in 1974 the Chinese seized the Paracel islands from the faltering Saigon Government and refused to hand them back to the allied Hanoi Government, despite repeated pleas. Even as China trimmed its military from 4.5 million to 3.5 million, it expanded and upgraded its navy to ensure it had the strength to keep the Spratlys.

The control of that group would enable China to dominate the South China Sea to the shoals of Sarawak and to tap the potential oil and natural gas reserves.

To ensure that China would not lose a contest for these strategic islands, it has built up a blue water navy that is third only to the U.S. and the Soviet Union in the number of ships. The first launching of Chinese nuclear submarines eight years ago has since been supplemented by more modern surface missile frigates. And they are now reported to be constructing one or two aircraft carriers to provide their marine forces with cover.

The U.S. ban on military sales to China—especially sophisticated avionics for its F-7 and F-8 interceptors—has not thwarted the PLA which believes national austerity does not apply when strategic interests are involved. With China having repaired ties with the Soviet Union in May 1989, Beijing can now shop for weapons from an old source. Not content with MiG-23s and MiG-25s for sale, China is keen to obtain the licence to build MiG-29s and Sukhoi 24s, the latter of which are attack planes with sufficient range to be based in Hainan Province and to patrol the Spratlys closest to Vietnam. Subscribing to the Karl von Clausewitz dictum that "war is nothing but the continuation of politics with other means", the Chinese have never thought naively that peace could be attained by goodwill alone.

True, China has been ambivalent about U.S. military might in Southeast Asia, initially resenting it as an imperialist intrusion and later appreciating it as a bulwark against the Soviet Union. But the U.S. presence in the region has given China time to develop its military and to foster ties with regional countries, including the Philippines and Malaysia, fellow claimants to the Spratlys.

The carefully designed Chinese foreign policy of keeping Vietnam at bay through armed assistance to the Cambodian coalition dominated by the Khmer Rouge and winning friends in the region came unravelled last month when U.S. Secretary of State, Mr James Baker, reversed previous American support for resistance and lifted the diplomatic quarantine on Hanoi.

Mr Li's excursion is meant partly to restore the regional consensus that the coalition nominally headed by Prince Norodom Sihanouk should still be recognized as the legitimate sovereign of Cambodia and that Vietnam should not be forgiven. The task seems to have been accomplished as Indonesian President Suharto agrees that the time is not right to abandon the Cambodian guerrillas and embrace the Phnom Penh Government and Vietnam.

How the Beijing Government views its status was reflected in Mr Li's invocation of the "spirit of Bandung", a heady conference where Chou Enlai in 1955 asked for unity among developing nations implicitly under Chinese and Indian leadership. The endeavour to make China into a model for poorer countries may seem unrealistic now to others but not to a country anxious to be counted alongside the U.S. and the Soviet Union. Southeast Asia is a natural

domain for the Chinese who in the Ming Dynasty mapped it and who in the coming century might well regard themselves as the region's guardians.

Though all of the Association of Southeast Asian Nations (ASEAN) will have established ties with China once Singapore has done so, perhaps as early as Mr Lee Kuan Yew's call on Beijing in October, it will still be wary of so powerful and assertive a country to its north. Doubts about the loyalty of ethnic Chinese in Malaysia and Indonesia to their Governments may have been eased with Beijing's assurance that it will never meddle in their domestic affairs but these will not be entirely erased.

The end of ideology may well be near but not the end of territorial claims, an issue that has always weighed heavily on the mind of the Chinese leadership that has never backed down on what it considers a matter of national pride and principle.

A China that discarded the friendship of India which it attacked in 1962 over virtually unpopulated land along the Tibetan border and an even more dangerous clash with the Soviet Union in 1969 over sand bars in the Ussuri River is not one to be trifled with even when it is wearing a smile. While Southeast Asian states may not defer to China, they have conceded to its might by befriending a once sleepy dragon now awakening.

Building of Beijing-Hong Kong Railway Planned

*HK1008035090 Beijing CHINA DAILY in English
10 Aug 90 p 1*

[By staff reporter Yao Yu]

[Text] China plans to build a new trunk railway linking Beijing with Kowloon in Hong Kong, China Daily has learned.

The 2,364-kilometre railway will ease congestion on the country's overburdened north-south railway corridor and provide "necessary preparation" for the return of Hong Kong to China in 1997, according to a Railway Ministry official.

The total cost of the new line is estimated at 15.6 billion yuan (\$3.3 billion).

Local governments along the new line are expected to contribute 20 to 25 percent of the cost, in return for future use of the railway, according to the official.

The new railway will be laid between the existing north-south trunk lines connecting Beijing with Guangzhou and Shanghai and will run through 10 different provinces and municipalities.

Railway Ministry officials hope the new line will promote economic development along its route, especially in impoverished areas such as the Jinggang Mountains in Jiangxi Province and the Dabie Mountains on the borders of Henan, Anhui, and Hubei Provinces.

Officials expect the new line to improve communications and facilitate the transportation of raw materials to manufacturing centres in China and elsewhere.

Zhou Nan Briefs Students on Mainland Situation

HK1308051690 Beijing XINHUA Hong Kong Service
in Chinese 1400 GMT 11 Aug 90

["XINHUA Hong Kong Branch Holds Get-Together for Mainland Students and Personnel Studying in Hong Kong"]

[Text] Hong Kong, 11 Aug (XINHUA)—The XINHUA Hong Kong Branch today held a summer vacation get-together for 160 mainland students and personnel now studying in Hong Kong. Director Zhou Nan conveyed the state's concern for them and briefed them on China's domestic political and economic situation.

Zhou Nan said: China's domestic situation is better than expected. The political situation is stable. In the economic field, achievements have been made in improvement and rectification, and a new step has been taken in reform and opening up. In the diplomatic field, new breakthroughs have constantly been made. Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, also told the participants that the Hong Kong branch is a state organ stationed in Hong Kong and the home of mainland students and personnel studying there. He hoped that they will maintain frequent contacts with the branch.

A representative of the mainland students and personnel expressed their thanks to the state, saying they will study hard and work for the motherland. The XINHUA Hong Kong Branch entertained the participants with dumplings and a China-made film.

Book on Hong Kong Basic Law Discussed

OW1308093490 Beijing XINHUA Domestic Service
in Chinese 0800 GMT 8 Aug 90

[By reporter Wang Zhi]

[Text] Beijing, 8 Aug (XINHUA)—This morning a discussion meeting on the publication of a book entitled "One Country, Two Systems and Hong Kong's Basic Legal System" was held at Beijing University.

Attending and speaking at the meeting were Lei Jieqiong, vice chairman of the National People's Congress [NPC] Standing Committee, and Zhang Youyu, NPC Law Committee adviser.

"One Country, Two Systems and Hong Kong's Basic Legal System," published by the Beijing University Publishing House, has been a major research project in the state's Seventh Five-Year Plan. This book mainly expounds the fundamental guidelines, main contents, and significance of the Basic Law for the Hong Kong

Special Administrative Region [HKSAR], as well as the new issues for the development of the legal system in China under the policy of "one country, two systems." It is the first special theoretical work in China that contains fairly systematic explanations of the HKSAR's Basic Law. The book is 360,000 characters long. The main contents include "one country, two systems" and the development of the legal system in the PRC; the historical origin and characteristics of Hong Kong's Laws; the relationship between China's Constitution and the HKSAR's Basic Law; the legal status, political system, and labor law of the HKSAR and their relationship with international laws; and the basic rights and obligations of the HKSAR's residents.

In their speeches, comrades attending today's meeting confirmed the significance of the publication of this book to further publicize the policy of "one country, two systems" and the HKSAR's Basic Law; and maintained that it will greatly help promote research work on the Basic Law.

The unsimplified character version of this book is distributed in Hong Kong by the Hong Kong Cultural and Educational Publishing House.

Hong Kong Exports Rise in June

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[Text] Hong Kong, June 13 (XINHUA)—The total merchandise trade of Hong Kong in June this year stood at 105,061 million HK dollars (13,469 million U.S. dollars), representing a growth of 6 percent in value terms as compared with June 1989.

According to the detailed figures on the value of trade in the month released by the Government yesterday, the value of domestic exports decreased by one percent to 18,845 million HK dollars (2,416 million U.S. dollars), while that of reexports rose by 14 percent to 34,195 million HK dollars (4,384 million U.S. dollars).

The value of total exports increased by 9 percent to 53,041 million HK dollars (6,800 million U.S. dollars), which surpassed the increase rate of import value recorded as 52,021 million HK dollars (6,669 million U.S. dollars).

Statistics also show that the value of total merchandise trade in the first half of 1990 stood at 575,467 million HK dollars (73,777 million U.S. dollars), increased by 7 percent as compared with the same period in 1989.

Over the same period of comparison, the value of domestic exports decreased by one percent, while that of reexports increased by 14 percent. Thus, the value of total exports increased by 8 percent to 283,635 million HK dollars (36,363 million U.S. dollars). The value of imports increased by 5 percent to 291,833 million HK dollars (47,414 million U.S. dollars).

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